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CONDENSED TRANSCRIPT

IN THE COURT OF COMMON PLEAS OF
ALLEGHENY COUNTY, PENNSYLVANIA

-----X
EDWARD W. IHNAT, CIVIL DIVISION
Plaintiff, GD 94-17465

v.

JOHN A. POVER, MARK
BATTALINE, WILLIAM J.
BYTZURA, and METROPOLITAN
LIFE INSURANCE COMPANY,

Defendants.

-----X
9:35 a.m.
Wednesday, September 25, 2002

300 Park Avenue
New York, New York

DEPOSITION UPON ORAL EXAMINATION of
WILHELMENIA J. TAYLOR, Corporate Designee, taken
by PLAINTIFF, before ALBERT M. CITTONE, a
Certified Court Reporter and Notary Public of the
State of New York.

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Certified Shorthand Reporters
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New York, New York 10120
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2 WILHELMENIA J. TAYLOR, residing at
3 505 Quincy Street, Brooklyn, New York
4 11221, sworn.
5

6 DIRECT EXAMINATION BY MR. BARTHOLOMAE:

7 Q Good morning, Ms. Taylor. My name is
8 Mark Bartholomaei, and I have to apologize. I've
9 developed somewhat of a cold over the past
10 evening, I guess. And I'm going to give you a
11 couple of instructions.

12 If there is a question I ask you
13 don't hear or you don't understand, ask me to
14 repeat the question, and I'll try to speak it
15 louder or rephrase the question, if you don't
16 understand the question.

17 Once I do ask a question, all of your
18 answers have to be audible, as far as you have to
19 say yes or no, whatever the answer may be. You
20 can't nod your head or shake your head. It can't
21 be transcribed.

22 Other than that, I don't think I have
23 other instructions, unless you have any questions.

24 A I'm fine.

25 MS. TAYLOR: Another housekeeping

1
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Attorneys for Kate Philman and Crischoski,
Frank Carleni and Ron Schrem
By: DAVID PARDINI, ESQ.

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2 DIRECT - TAYLOR
3 matter, I'm marking the deposition
4 transcript "Confidential pursuant to the
5 Protective Order," and in addition, Ms.
6 Taylor will read and sign the transcript.
7 Q Ms. Taylor, do you understand you
8 have been called here today as a corporate
9 designee witness under Pennsylvania Witness
10 Procedure 407.1E?

11 A Yes.

12 Q Do you agree to testify on behalf of
13 Metropolitan Life as to the subject matter of the
14 FIP rate?

15 A Yes.

16 Q What qualifications do you have to
17 testify? What's your experience that you have to
18 be able to testify as to the corporate position
19 for the FIP rate?

20 A With respect to the FIP rate, I
21 administered the FIP system with respect to
22 handling adjustments to - adjustments that were
23 requested from the field.

24 Q Is there anything else?

25 A I also distributed the reports. I
communicated with the field typically via

<p>1 DIRECT - TAYLOR 2 telephone with respect to any questions they may 3 have about the reports. 4 Q The FIP reports? 5 A Yes. 6 Q Is that all? 7 A Unless there is anything else you 8 want to ask me. 9 Q Let me get some of your general 10 background. 11 Can you describe briefly your 12 educational background for me. 13 A Basically, I completed high school 14 and about a year and a half at Fordham University 15 at a department they called Excel. I didn't get 16 the degree. I went there for about a year and a 17 half. That's formal education. That's about it. 18 Q When did you start working in 19 Metropolitan Life? 20 A In 1966, as a student after school. 21 Q What did you do there? 22 A File lots of papers. 23 Q How long did you work in the capacity 24 as a person who files? 25 A Up until I graduated from high school</p>	<p>5 1 DIRECT - TAYLOR 2 the Field Procedures Unit? 3 A I'm not exactly sure about the year, 4 but I would say, mid '80s. 5 Q What did you do in the field 6 procedures unit? 7 A I designed or revised forms used by 8 the field to submit certain transactions to the 9 company, change of address forms, kind of 10 administrative forms the field would use. I also 11 updated manuals to reflect any changes that may 12 have been announced in the field rules. 13 Q Did that include the manual of 14 instructions for account representatives? 15 A Yes. 16 Q When you worked in the Field 17 Procedures Unit, did you do any work with the FIP 18 rate? 19 A No, I did not. 20 Q What's the next position you had 21 after the Field Procedures Unit? 22 A Then I went to work in a product 23 planning area and working with the FIP system at 24 that time. 25 Q When was that?</p>
<p>1 DIRECT - TAYLOR 2 in 1967. Then I became a secretary of the 3 company. 4 Q Which department did you work in? 5 A Personal Health Insurance and 6 Employee Benefit Plans. 7 Q What was your next position after 8 that? 9 A I believe my next position after 10 that, I went to work in our Business Economics 11 Department, also in the capacity as a secretary. 12 Q What year was that, roughly? 13 A I don't recall exactly the year. 14 Probably early '80s. 15 Q What was your next position after 16 that? 17 A Then I left the Business Economics 18 Department, and I went to work in a unit called 19 the Field Procedures Unit. 20 Q What does the Field Procedures Unit 21 do? 22 A The Field Procedure Unit wrote 23 instructions to the field either on company policy 24 or changes in laws. 25 Q What year did you start working in</p>	<p>6 1 DIRECT - TAYLOR 2 A I believe that was 19, maybe, '86. 3 Q What was your title at that time? 4 A I believe it was product planning 5 associate. 6 Q What does the product planning area, 7 what do they do? 8 A The product planning area distributed 9 information to the field about new products, 10 instructional manuals and how to complete the 11 application for a new product, description of the 12 new product. My focus, however, in that 13 department, however, was the FIP system. 14 Q How did the FIP system relate to the 15 product planning area? 16 A The FIP system, as far as I know, 17 didn't really relate to the product planning area. 18 It just happened to be sitting in that unit. The 19 administration of that system happen to be sitting 20 in that unit when I got there. 21 Q What was your next position after 22 working in the product planning area? 23 A I moved to corporate ethics and 24 compliance. 25 Q When was that?</p>

<p>1 DIRECT - TAYLOR 2 A 1994, late 1994. 3 Q How long did you remain in that 4 position? 5 A I went to that department as a 6 director, and I stayed in that position for about, 7 little over a year. 8 Q What happened then? 9 A Then I was promoted to the position 10 of assistant vice president and subsequently to 11 vice president, where I still worked in that 12 department. 13 Q When you were promoted to assistant 14 vice president, was that in the Corporate Ethics 15 Department? 16 A Yes. 17 Q That's where you currently work? 18 A That's where I currently work. 19 Q Beginning at the time of late '94 up 20 until the present, have you done any work with the 21 FIP rate? 22 A No, I have not. 23 Q That's not within your responsibility 24 anymore? 25 A No.</p>	<p>9 1 DIRECT - TAYLOR 2 Q Can you give me again the time when 3 the FIP system was started at Metropolitan Life? 4 A I believe it was 1981. 5 Q What was the reason for the creation 6 of the FIP system? 7 A I wasn't there at the time, but in 8 working in that department, it was my 9 understanding, it was requested to get a handle on 10 how much the representatives in the field was 11 using existing policy values to finance the sale 12 of new policy. 13 Q Was there something happening at that 14 time that caused the creation of the FIP system? 15 A I don't know if anything was 16 happening, but I know that someone, the company 17 was interested in knowing. I guess it's good 18 business. 19 Q Are you referring to someone in 20 particular? 21 A From what I have been told, it was 22 Irv Stieglitz that initiated the FIP system. 23 Q Ms. Taylor, you mentioned Mr. 24 Stieglitz. You said, from what you have been 25 told.</p>
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<p>10 1 DIRECT - TAYLOR 2 Q Can you tell me what the company 3 definition of the FIP rate is? 4 A The definition of the FIP rate is a 5 ratio between the number of policies placed by a 6 representative or an office as compared to the 7 number of overall transactions that the system 8 matched to those places. 9 Q Which system is that? 10 A The FIP system. 11 Q Is that a computer system? 12 A Yes. 13 Q Was that always a computer system? 14 A As much as I can remember. 15 Q When was the FIP rate begun at 16 Metropolitan Life? 17 A Well, I'm not sure when the actual 18 rate was done, but it's my understanding, even 19 though I wasn't there at the time, that the FIP 20 system was developed in 1981. 21 Q What's the difference between the FIP 22 system, as you call it, and the FIP rate? 23 A Well, the system is the actual 24 matching of the transactions, and the rate is 25 comparing those matches to the places.</p>	<p>12 1 DIRECT - TAYLOR 2 What were you referring to when you 3 said specifically from what you have been told? 4 Was this a conversation you had with someone? 5 A A conversation with Frank Dochniak. 6 Q Who is that? 7 A He was my boss at the time, when I 8 was working with the FIP system. 9 Q You said that Mr. Stieglitz was 10 interested in establishing some kind of system to 11 track policy matching; is that right? 12 A It's my understanding, the company 13 was interested in knowing this information. Mr. 14 Stieglitz spearheaded the implementation of the 15 system. 16 Q Do you know who designed the FIP 17 system? 18 A No. I don't know who designed it. 19 Q Do you know if it was modeled after a 20 similar system of another insurance company? 21 A No, I don't. 22 Q Do you know who would know that? 23 A No. 24 Q Is there a difference between the 25 term "FIP rate" and FIP ratio?</p>
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1 DIRECT - TAYLOR

2 A Not to me. To me, it's the same.
3 thing.4 Q Were both of those terms used at
5 Metropolitan Life, or was one used as opposed to
6 the other?7 A When we produced the reports, I
8 believe the term was "ratio." The field, they
9 used the word "rate."10 Q Were there any memoranda or reports
11 generated prior to the implementation of the FIP
12 system which discussed the possibility of
13 implementing a FIP rate system?14 A I believe, in reviewing some of the
15 documents, there was a memorandum talking about
16 designing a system to identify this use of
17 inforced equity business. I remember something,
18 something in my review of the documents.19 Q Who at Metropolitan Life had to
20 approve the implementation of the FIP system
21 before it was actually implemented?22 A I don't know that. When I got there,
23 it was already implemented.24 Q Do you know who would know the answer
25 to that question?

15

1 DIRECT - TAYLOR

2 A Again, based on discussion I had with
3 Frank, the only other name I remember hearing with
4 respect to the creation of the system was Pierre
5 Maurer.

6 Q What involvement did Mr. Maurer have?

7 A I don't know what his involvement
8 was, but it was my understanding, Mr. Stieglitz
9 created the system at the request of Mr. Maurer.10 Q Did Mr. Stieglitz have some kind of
11 computer background?12 A I don't know. Back then, I doubt if
13 there was much a background of computers.14 Q Do you know who actually designed the
15 computer program for the FIP system?

16 A No.

17 Q Do you know if it was designed by
18 someone at Metropolitan Life or perhaps some other
19 company?20 A I don't know if it was designed in
21 whole or in part at Metropolitan Life. I'm sure
22 Metropolitan Life had some kind of input into it.23 Q Do you know who would know the answer
24 to that, as far as the computer program design?

25 A Probably Irv Stieglitz.

16

1 DIRECT - TAYLOR

2 Q Is Mr. Stieglitz still working at the
3 company?

4 A No.

5 Q Do you know when he left the company?

6 A No. It was many years ago, though.

7 Q Mr. Maurer doesn't work there either,
8 does he?

9 A No.

10 Q Do you know when he left the company?

11 A I think it was in the '90s.

12 Q At the time when the FIP system was
13 developed, what was his position in the company,
14 Mr. Maurer?15 A I know he was an officer. I'm not
16 sure what his title was.17 Q Is there anybody else that you know
18 of, other than Mr. Maurer and Mr. Stieglitz, who
19 had a hand in creation of the FIP system?20 A Those are the only two names that I
21 can remember.22 Q Would the president of the company
23 have had to approve the implementation of the FIP
24 system?

25 A I don't know.

	17		19
1 DIRECT - TAYLOR		1 DIRECT - TAYLOR	
2 Q Is there anybody that you know of as		2 A I believe there are samples of the	
3 far as a position at Metropolitan Life that would		3 reports in those documents. I can go over what my	
4 have to approve the implementation of the FIP		4 recollection is.	
5 system?		5 It had the number of policies placed,	
6 A No, not that I know of.		6 the number of matches the system identified. It	
7 Q When were the FIP ratio reports first		7 had the old policy numbers involved in the match.	
8 generated?		8 The new policy numbers, the policy numbers for the	
9 A First generated? I don't know when		9 new sale. It had an identification of the	
10 the reports were first generated. When I got		10 representative involved in the match. It had the	
11 there, they were already being generated.		11 sales office number and name. It had what	
12 Q Do you know who would know the answer		12 territory the sales office reported to,	
13 to that?		13 identifier. It had the amount of the withdrawal	
14 A No. Probably Irv Stiegartz, when it		14 transaction. It had the premium of a new policy.	
15 was first created.		15 I believe it also had the premium of an old	
16 MS. TAYLOR: If you look at some of		16 policy.	
17 the documents we produced, she may be able		17 Those are the kinds of things I	
18 to speak to those issues. I do believe		18 remember. I would take a look at a sample report.	
19 there are documents that discuss that.		19 Q That would be fine, if you would.	
20 MR. BARTHOLOMAE: Discuss the -		20 MS. TAYLOR: I think we produced	
21 MS. TAYLOR: The reports, and you can		21 hundreds of reports.	
22 see when they started.		22 MR. BARTHOLOMAE: I don't have a FIP	
23 MR. BARTHOLOMAE: I didn't come		23 report.	
24 across anything that talked about when the		24 Q Is there something you want to refer	
25 reports were first generated. That's why I		25 to --	
	18		20
1 DIRECT - TAYLOR		1 DIRECT - TAYLOR	
2 was asking the question.		2 A No.	
3 If you know something, perhaps you		3 Q Who determined the information you	
4 can tell me at a break, a Bates number,		4 just gave me, the different things listed on the	
5 whatever.		5 FIP report, who determined whether information	
6 Q Let's talk about the reports for a		6 would be contained on the FIP report?	
7 second.		7 A When I started working there, the	
8 When the reports were first		8 report was already established and set up. It	
9 generated, do you know what information was		9 pretty much remained the same over time that I can	
10 contained in the reports?		10 remember.	
11 A No. I don't know when the reports		11 Q When you say "over time," up until	
12 were first generated. There may be, in that large		12 the point when you left the company or left the	
13 stack of documents, something that tells us that.		13 department?	
14 I don't know anything about when they were first		14 A When I left that unit.	
15 generated.		15 Q From '86 to late '94, is -- late '94	
16 Q You don't remember reviewing anything		16 is the time period you are talking about?	
17 that talked about that?		17 A Yes.	
18 A Not when they were first generated.		18 Q Can you tell me if that information	
19 I can't recall.		19 was also contained on the reports when the reports	
20 Q What's the first time that you		20 were first generated?	
21 remember seeing a FIP report? Is that when you		21 A I don't know.	
22 first started, in May of 86?		22 Q Do you know who would know that?	
23 A Yes.		23 A No, I don't know who would know that.	
24 Q At that time what information was on		24 MS. TAYLOR: I do want to just note,	
25 the FIP report?		25 we have produced reports from very early	

21

23

1 DIRECT - TAYLOR

2 on. I think if you look at the reports,
 3 you will see what was in those reports.
 4 Obviously, if you had copies with you of
 5 those earlier reports, I think Ms. Taylor
 6 can speak to that.

7 MR. BARTHOLOMAE: What I really want
 8 to know is, who decided that that
 9 information would be contained on the
 10 earlier reports, and I don't think I can
 11 look at that from looking at a FIP report.
 12 Your comment doesn't really get at what I'm
 13 asking about, but thank you.

14 Q Ms. Taylor, do you know if the
 15 information changed at all from the time the
 16 reports were first started up until the time you
 17 started working in the private planning area?

18 A No, I don't know if they changed.

19 Q Do you know who would know that?

20 A No, I don't.

21 MS. TAYLOR: What time period were
 22 you talking about?

23 MR. BARTHOLOMAE: From the time the
 24 reports were first generated, May of '86,
 25 when Ms. Taylor started working in the

1 DIRECT - TAYLOR

2 reports. If you show Ms. Taylor some of
 3 the reports from the earlier time period
 4 versus the later time period, I think she
 5 can point out to you if there were
 6 differences. The reports speak for
 7 themselves.

8 MR. BARTHOLOMAE: I understand that.
 9 At the same time, I think -- I don't think
 10 it's my obligation to come here and educate
 11 the difference in the reports. It's
 12 something that should have been done --

13 MS. TAYLOR: Let me note something.
 14 Ms. Taylor is attempting to give the best
 15 information she can concerning the FIP
 16 system which came into existence in or
 17 about 1981, and we are talking about a time
 18 period that spans a couple decades.

19 So it really, in my view, is your
 20 obligation to have documents with you
 21 because I don't think any person could be
 22 expected to remember everything over two
 23 decades.

24 MR. BARTHOLOMAE: Unfortunately, I
 25 don't think your view is consistent with

22

24

1 DIRECT - TAYLOR

2 private planning area, when she said she
 3 became aware of the content of the reports.

4 MS. TAYLOR: I want to note, we
 5 produced documents, and I reviewed some of
 6 those documents with Ms. Taylor, that do
 7 indicate what was happening with the system
 8 prior to, prior to May of 1986.

9 So there are some documents you can
 10 show her if you want to do that. She may
 11 be able to speak to that.

12 MR. BARTHOLOMAE: I'm not aware of
 13 anything that talks about the specific
 14 changes in the reports themselves, the
 15 content of the report, be it policy
 16 matched, premium of the old policy,
 17 premium, new policy. I haven't come about
 18 any documents that talked about the change
 19 in the content.

20 MS. TAYLOR: I was speaking about the
 21 system changes.

22 MR. BARTHOLOMAE: That's not what
 23 I'm asking.

24 MS. TAYLOR: Again, I think we
 25 produced probably hundreds of these

1 DIRECT - TAYLOR

2 the requirements of the Pennsylvania rules.

3 Q Ms. Taylor, from the time the FIP
 4 reporting system was begun, can you tell me about
 5 any changes in the FIP reporting system or, if you
 6 remember, any changes -- I know there might have
 7 been many changes. From my understanding, there
 8 were changes -- what's the first thing you
 9 remember there having been changes as far as what
 10 was reported in the FIP reporting system?

11 You want me to rephrase that?

12 A As you said, there were many changes
 13 to the adjustment system. I don't remember --
 14 there were also some changes to what the system
 15 automatically matched and automatically adjusted.

16 One of the things I can remember the
 17 system being changed to do was, if a policy was
 18 originally placed and then became not taken, for
 19 example, that match would be automatically
 20 deducted from the number of matches distributed to
 21 the sales office or the rep.

22 Q What was the reason for that change?

23 A The reason for the change was, the
 24 policy, the new policy was not delivered, accepted
 25 by the customer, or there was the ratio between

25

1 DIRECT - TAYLOR
 2 that withdrawal that happened, the transaction
 3 that generated the match, not matched to the new
 4 issue because the new issue was not in effect, was
 5 one of the first things I remember, about the
 6 system being changed to automatically withdraw
 7 that match against the rep or the office.

8 Q Is there anything else that you
 9 remember being changed?

10 A Let's see. Changed for even
 11 documents that were about to endow within the last
 12 year, it automatically matched in the system. We
 13 allowed for an adjustment in that case. That was
 14 one of the adjustments that were made to the
 15 system, a manual one, but we allowed for it
 16 nonetheless.

17 Q What other changes were there?

18 A There were a lot of changes over
 19 time, and there were releases we sent out to the
 20 field announcing either electronic changes made to
 21 the system or ones we would have to do manually.
 22 They spread out over the time I was there, between
 23 1986 and the time I left in 1994.

24 Q I have some documents, and we'll talk
 25 about those changes.

27

1 DIRECT - TAYLOR
 2 system when I joined the unit.
 3 Q Do you know when the adjustment
 4 system was first begun?
 5 A Adjustments were processed before I
 6 joined the unit. I was trained on how to process
 7 them. I don't know exactly what year they began
 8 the adjustments, but I believe there may be
 9 documents that discuss when the adjustments were
 10 actually begun. I don't remember exactly.

11 Q You mentioned another term, you said
 12 "the match system."

13 What's the definition of the match
 14 system?

15 A Well, the match system is basically
 16 the FIP system.

17 Q I guess the adjustment system is
 18 something that happens after the match system
 19 triggers a match; is that right?

20 A Yes. Typically, yeah.

21 Q Something I meant to ask you about
 22 before, you just talked about, you received some
 23 training, I guess, when you started working in the
 24 product planning area.

25 What did that training consist of?

26

28

1 DIRECT - TAYLOR
 2 You said "the adjustment system."
 3 What's the adjustment system?
 4 A Well, the FIP system matched manual
 5 transactions to a new leasehold policy, and one of
 6 the adjustments that would happen in the system,
 7 if, for example, if the new policy was taken by
 8 the customer, the system would automatically be
 9 adjusted to subtract that match from either the
 10 branches or the eight sales offices' number of
 11 matches, as well as the representatives' numbers
 12 of matches.

13 So we had adjustments that were
 14 handled electronically in the system as well as
 15 adjustments that had to be manually processed.

16 Q Who was it that, when the FIP system
 17 was first begun, who was it that first handled
 18 these adjustments, or was there a specific
 19 department that handled the adjustments?

20 MS. TAYLOR: What time period?
 21 MR. BARTHOLOMAE: When it was first
 22 begun.

23 A When it was first begun, I don't have
 24 a recollection of an adjustment system at that
 25 time. I have a recollection of an adjustment

1 DIRECT - TAYLOR
 2 A The training consisted of processing
 3 adjustments that were requested by the field to
 4 the system, reviewing the request.
 5 Q Can you take me through that process
 6 of processing an adjustment?

7 A There was a form designed for use by
 8 the field, sales offices, to request an adjustment
 9 to a match that occurred in the system. They
 10 would submit that form –

11 Q Who is "they," the branch manager or
 12 sales representative?

13 A The branch manager would submit that
 14 form to the Product Planning Unit, where I worked,
 15 and they would request that a particular match be
 16 adjusted to the system, one form per match.

17 Q When you say "adjusted," you mean
 18 that the match is eliminated?

19 A Yes.

20 Q What happened after that, after you
 21 received the form?

22 A I would receive the form. I would
 23 put a date and stamp on the form when I received
 24 it, and then I would look at various computer
 25 systems to see if the reason for the match was

<p>1 DIRECT - TAYLOR 2 valid. 3 Q What systems were those? 4 A That was the electronic system that 5 would basically tell me if the policy was still in 6 force. It was a system that basically told me the 7 status of the old policy and new policy and 8 what – the reason for the adjustment that the 9 manager was requesting was valid. 10 Q What was the name of that computer 11 system? 12 A The name of that – there were 13 several computer systems, depending what type of 14 policy it was. All the information wasn't kept in 15 one system. 16 Q Depending what request was from a 17 branch manager, you would look at one system 18 versus another? 19 A Or several systems. 20 Q What would happen in the event you 21 were working to eliminate the match? 22 A I would make such a notation on the 23 form that was originally submitted that the match 24 was being adjusted, and a copy of a form was sent 25 back to the branch manager, and a copy of that</p>	29	<p>1 DIRECT - TAYLOR 2 in the first place. I could easily tell if the 3 policy wasn't in force anymore. 4 For example, if the older policy was 5 one year from maturity. It was pretty clear-cut 6 on the adjustment policy. 7 Q At the time when you first started 8 working in the product area, what were the 9 different reasons for which a branch manager could 10 request an adjustment for a FIP match? 11 A There was a form, I believe it was 12 also in the manual, that listed all the reasons 13 for adjustment. There were several of them. I 14 review them as part of my document review. I 15 can't remember each and every reason for 16 adjustment. 17 Q If you want to go over that, we could 18 go over them. 19 Q In the event that the form submitted 20 by the branch manager and whoever is reviewing the 21 match determines that it – in effect, the match 22 should remain or stay, what would happen at that 23 point? 24 A There was a place on the form the 25 manager submitted that said the match was not</p>	31
<p>1 DIRECT - TAYLOR 2 form was submitted to a unit in the department 3 that actually created the keypunch cards. The 4 keypunch cards were ran up against the FIP system 5 to effect the adjustment. 6 Q Can you explain that for me, how the 7 actual match was adjusted in the system? 8 A The match was adjusted: The keypunch 9 operator would enter the old policy number, the 10 new policy number, the branch identify and the 11 date, what report the match happened on, and the 12 system would subtract that match from that report. 13 Q Was a new report generated at that 14 time? 15 A A new report, no. 16 Q If at any time you want to take a 17 break, just let me know. 18 Other than the review of the computer 19 systems, was there any other investigation that 20 was done into the match for reasons of adjustment? 21 A Well, the reasons for the matches was 22 pretty straightforward, and most, if not all, what 23 we needed to know, what happens on the electronic 24 system because the FIP system was using other 25 systems to determine there was going to be a match</p>	30	<p>1 DIRECT - TAYLOR 2 going to be – the adjustment was not going to be 3 approved, and that form was sent back to the 4 manager. 5 Q Did the sales representatives 6 themselves have any role in the process of 7 adjusting matches as far as, were they questioned 8 in any way about the nature of the transaction 9 that generated the match? 10 A It was a branch manager's 11 responsibility to discuss the matches with the 12 representatives when they got the reports to 13 determine if these matches were valid and also to 14 discuss, the manager saw some kind of pattern the 15 representative was using, valid, as well as if 16 they saw a pattern of financing on the part of the 17 representative; that is, using these inforced 18 values as a method of sale to sell their new 19 business. That was the branch manager's 20 responsibility. 21 Q How did the FIP reporting system 22 impact the compensation of the branch managers? 23 A The FIP ratio had an impact on the 24 branch manager's compensation, and that impact 25 varied over time.</p>	32

	33	35
<p>1 DIRECT - TAYLOR</p> <p>2 Q Can you tell me how it varied over</p> <p>3 time?</p> <p>4 A At one point in time, the manager's</p> <p>5 compensation was impacted by the FIP ratio based</p> <p>6 on, the lower the ratio, it's my understanding,</p> <p>7 the more he received in compensation; the higher</p> <p>8 the ratio, the less he received in some form of</p> <p>9 his compensation.</p> <p>10 At some point in time, if the ratio</p> <p>11 was below a 15-percent ratio, the manager received</p> <p>12 all of his or her compensation. If it was above,</p> <p>13 they didn't receive a special compensation.</p> <p>14 Q Can you tell me what that first point</p> <p>15 in time is, it seems it was on a prorated basis,</p> <p>16 where the manager received a compensation based on</p> <p>17 the actual ratio as opposed to the second point in</p> <p>18 time when you talked about the 15-percent ratio?</p> <p>19 A I'm not exactly sure of the date. I</p> <p>20 know there is documents that have dates when they</p> <p>21 implemented the differences in the ratios and the</p> <p>22 differences in the compensation.</p> <p>23 Q Can you give me an approximate date</p> <p>24 when the 15-percent FIP ratio policy was</p> <p>25 implemented with respect to the compensation of</p>		<p>1 DIRECT - TAYLOR</p> <p>2 Q You testified earlier about a</p> <p>3 15-percent FIP ratio that was created, a</p> <p>4 15-percent number that was established with</p> <p>5 respect to branch managers' commissions.</p> <p>6 Didn't you say something like that?</p> <p>7 A The branch manager's compensation.</p> <p>8 Q Can you explain that again for me.</p> <p>9 A Branch manager's compensation was</p> <p>10 impacted by the FIP ratio, and there was a time</p> <p>11 when it was, a branch manager's FIP ratio was less</p> <p>12 than 15 percent, it – the branch manager was paid</p> <p>13 either from compensation based on whatever the</p> <p>14 rules were for him or her to receive a certain</p> <p>15 compensation. If the branch manager's FIP ratio</p> <p>16 was above 15 percent, it had a negative impact on</p> <p>17 his or her compensation.</p> <p>18 Q Who was it that established that</p> <p>19 policy that you just talked about?</p> <p>20 A I'm not – I can't recall who</p> <p>21 established the policy, because I didn't work in</p> <p>22 the comp unit. I don't know who established that</p> <p>23 rule with respect to how the manager would be paid</p> <p>24 with compensation.</p> <p>25 Basically, we ran the reports, did</p>
	34	36
<p>1 DIRECT - TAYLOR</p> <p>2 the branch manager?</p> <p>3 MS. TAYLOR: Objection as to form.</p> <p>4 A There is a document that has the</p> <p>5 actual date. I believe it was in the late '80s,</p> <p>6 early '90s.</p> <p>7 The rule said, the branch manager's</p> <p>8 compensation – I mean the FIP ratio was less than</p> <p>9 15 percent, then the manager received whatever</p> <p>10 compensation he or she was entitled to.</p> <p>11 Q Is that a specific document you are</p> <p>12 referring to that you know the title of or just</p> <p>13 something you saw?</p> <p>14 A There was a specific document that I</p> <p>15 prepared some time ago that talked about when that</p> <p>16 change was made.</p> <p>17 Q Do you know who made the decision to</p> <p>18 implement that new 15-percent FIP ratio policy?</p> <p>19 MS. TAYLOR: Objection to form.</p> <p>20 MR. LABOVITZ: Objection to form, and</p> <p>21 I'll make a continuing objection to your</p> <p>22 references to a 15-percent policy so I</p> <p>23 don't continually interrupt the deposition.</p> <p>24 Q Do you want me to repeat that?</p> <p>25 A Yes.</p>		<p>1 DIRECT - TAYLOR</p> <p>2 the adjustments, and at the end of the year the</p> <p>3 branch had a FIP ratio of some number, and it was</p> <p>4 used in the compensation.</p> <p>5 Q Do you know who I would have to talk</p> <p>6 to to find that out, who established that policy</p> <p>7 that you were discussing?</p> <p>8 A It would have to be someone who</p> <p>9 worked in the compensation unit, who was working</p> <p>10 in the compensation unit when those rules were –</p> <p>11 with respect to how a manager was going to be paid</p> <p>12 was established.</p> <p>13 Q Do you know if that's still the case</p> <p>14 today, that that 15 percent policy with respect to</p> <p>15 branch managers, their compensation?</p> <p>16 MS. TAYLOR: Objection as to</p> <p>17 form.</p> <p>18 A I don't know. The FIP stipulation</p> <p>19 doesn't exist today.</p> <p>20 Q Obviously not.</p> <p>21 When you left the product planning</p> <p>22 area, was that also the case at that time, there</p> <p>23 was the 15-percent ratio with respect to the</p> <p>24 branch manager's relation to their compensation?</p> <p>25 MS. TAYLOR: Objection as to form.</p>

<p>1 DIRECT - TAYLOR 2 A I'm not exactly sure. 3 Repeat that question. 4 Q When you left the product planning 5 area, you said, sometime in 1994, were those 6 procedures still in place with regard to the 7 15-percent ratio with respect to branch managers' 8 compensation? 9 A I believe by 1994, the FIP ratio was 10 not included as part of the manager's 11 compensation, calculation of compensation. 12 Q When did that stop, that calculation? 13 A I think 1993, but I wrote a memo, 14 note, that outlines those changes, and they are in 15 documents that we looked at. 16 Q When the FIP-reporting system was 17 first implemented, did it affect the compensation 18 of the branch manager in any way? 19 A I don't know how it affected it when 20 it was first established. 21 Q Do you know who would know? 22 A Again, probably someone in the 23 compensation section. 24 Q Do you know who made the decision 25 that the FIP ratio would have some effect on the</p>	<p>37</p> <p>1 DIRECT - TAYLOR 2 have representatives as a method of selling using 3 inforce policy values for the sale of new 4 business. To that extent, they believed the best 5 way to help ensure that that didn't happen was to 6 have the managers monitor and supervise that 7 activity, and to the extent they did a good job, 8 they would be compensated for that or receive all 9 their compensation, whatever they used in the 10 calculation of the compensation. To the extent 11 they didn't do a good job, it would be a negative 12 to them. That's my understanding.</p> <p>13 Q So we're clear, the question I'm 14 asking, I'm asking for the position of the 15 company. I know that's your understanding. Just 16 so you know, the answers you gave are on behalf of 17 the company, even though it may be your 18 understanding as well.</p> <p>19 I think you understand that, right?</p> <p>20 MS. TAYLOR: Objection.</p> <p>21 A Yes.</p> <p>22 Q Did the branch managers receive some 23 type of bonus for having a lower FIP ratio, their 24 branch having a lower FIP ratio?</p> <p>25 A I wouldn't say the branch received</p>
<p>1 DIRECT - TAYLOR 2 compensation of branch managers? 3 A It's my recollection that it was 4 probably Pierre Maurer. 5 Q How did you come to that 6 understanding? 7 A I believe it's some of the documents 8 I looked at. 9 Q Are you referring to the same memo 10 that you generated? 11 A No. 12 Q You are referring to a different 13 document? 14 A Different document. 15 Q Is that something you can identify if 16 we go through some documents? 17 A If we went through some documents, I 18 would probably – I would know it if I saw it. I 19 don't know if I could find it in that file, but I 20 would know it if I saw it. 21 Q Do you know the reason why the 22 decision was made to have the FIP ratio have some 23 impact on the compensation of branch managers? 24 A I believe the company felt that it 25 was not in the best interest of the company to</p>	<p>38</p> <p>1 DIRECT - TAYLOR 2 some type of bonus. I do know the FIP ratio was 3 calculated as part of their compensation, was 4 included in the calculation of their compensation. 5 Whether it's characterized as a bonus, I don't 6 know. I don't know that.</p> <p>7 Q I guess what I'm asking, if the FIP 8 ratio in the branch was lower, were the branch 9 managers compensated in addition to what the 10 regular compensation would be, or were they only 11 penalized if their FIP ratio was higher?</p> <p>12 MS. TAYLOR: Objection as to form.</p> <p>13 MR. LABOVITZ: Objection as to form.</p> <p>14 Q Do you understand the question?</p> <p>15 A I believe I understand the question. 16 I'm not versed enough in compensation 17 to really answer your question as to whether it 18 was a bonus or it was just a penal thing.</p> <p>19 Q What did you say?</p> <p>20 A You said it was to penalize the 21 branch manager.</p> <p>22 I do know the FIP ratio had an impact 23 on the branch manager's compensation. I don't 24 know if it was a bonus or it was just used to 25 penalize a manager.</p>

	41		43
1 DIRECT - TAYLOR		1 DIRECT - TAYLOR	
2 Q So it's not the term, I want to make		2 Q '81 through '86, you don't	
3 sure it wasn't the term "bonus" that you were		3 necessarily know?	
4 disagreeing with me on.		4 A Right off the top of my head, I don't	
5 What I wanted to know was if they		5 remember. I know there were documents that talked	
6 received extra money if their branch's FIP was		6 about distribution of reports going back in time.	
7 low.		7 Q Is that also a document that you	
8 A Right.		8 could identify if you were shown the document?	
9 Q You said, no.		9 A If I were shown the document, yes.	
10 A I'm not sure how the unit used the		10 Q Is that something you reviewed in	
11 FIP when they calculated the compensation.		11 preparation for your deposition today?	
12 Q Again, would I have to talk to		12 A Yes.	
13 someone in the compensation unit?		13 Q Why don't you tell me, in 1986, who	
14 A Yes.		14 the reports went to.	
15 Q What about with sales		15 A The reports were distributed to, two	
16 representatives, how did the FIP ratio affect the		16 sets of reports were distributed to the regional	
17 earnings of the sales representatives, if at all?		17 vice president.	
18 A The FIP ratio did not have an impact		18 Q The regional office?	
19 on the sales representatives.		19 A Yes.	
20 Q Do you know if any consideration was		20 One for them and one that they were	
21 given by the company to have the FIP ratio affect		21 asked to distribute to the sales office. Two	
22 the earnings of sales representatives?		22 sets, one for them, one for them to distribute to	
23 A You're talking about at any time		23 the sales office.	
24 during the life of the FIP system?		24 Q That's a regional office within a	
25 Q Right.		25 territory?	
	42		44
1 DIRECT - TAYLOR		1 DIRECT - TAYLOR	
2 A I can't recall if there was any		2 A Yes, also a copy to the territory.	
3 consideration given. There may have been, there		3 Q Also a copy to the territory?	
4 may be documents that talk about that. I don't		4 A Yes.	
5 remember seeing anything. When I went to the unit		5 Q Anybody else that received a report?	
6 and when I left the unit, the representatives'		6 A That's what I can recall. There are	
7 compensation was not impacted by the ratio.		7 documents that talk about the exact distribution.	
8 Q Maybe the term "consideration" isn't		8 I believe that's also in that memorandum I spoke	
9 the best term I could use.		9 to that I prepared.	
10 What I'm referring to, to clarify,		10 Q Do you have a copy of that with you	
11 any correspondence, memorandum generated, any		11 today?	
12 discussions that you are aware of that were the		12 MS. TAYLOR: It's in the box of	
13 topic of sales representatives' earnings being		13 materials that you identified. It's a 1994	
14 affected by the FIP rate, if those existed, are		14 memo.	
15 you aware of those?		15 MR. BARTHOLOMAE: I think I might	
16 A No, I'm not.		16 have that.	
17 Q At the outset of the FIP reporting		17 MS. TAYLOR: Yes.	
18 system, when reports were generated, who did the		18 Q You say reports were generated,	
19 reports go to? I don't mean specific people. I		19 and - three copies, and one was sent to the	
20 mean their position in the company.		20 territory, and two of the copies were sent to the	
21 A There may be documents that speak		21 regional office?	
22 about the initial distribution of the reports		22 A And we kept a copy.	
23 before I joined the unit back in 1981, but when I		23 Q Was there someone that printed these	
24 joined the unit, I can tell you who the reports		24 reports out, or were they automatically generated	
25 were distributed to back in May of 1986.		25 by a computer system?	

	45		47
1	DIRECT - TAYLOR	1	DIRECT - TAYLOR
2	A Automatically generated by a computer	2	1994. Above the date Ms. Taylor's
3	system.	3	signature – not signature. Ms. Taylor's
4	Q With what frequency?	4	name appears.
5	A Monthly.	5	PERSON: Would you please repeat the
6	Q When we are talking about reports	6	Bates number.
7	being generated, is it always the same type of	7	MS. TAYLOR: MP9365000370 through
8	report as far as the report – I'm assuming you	8	372.
9	are referring to a report for the branch office;	9	I believe there were multiple copies
10	is that right?	10	of this in the documents that were
11	MS. TAYLOR: Objection.	11	identified by Behrend & Emsberger. There
12	MR. LABOVITZ: Objection to form.	12	might be another one with the same Bates
13	Q Were there different types of reports	13	number – with a different Bates number, I
14	generated?	14	mean.
15	A Yes.	15	MR. BARTHOLOMAE: I want to make a
16	Q What different types were those?	16	comment for the record. I'm not trying to
17	A There was a report we called a	17	be difficult.
18	summary report.	18	I'm not going to hold up the
19	MS. TAYLOR: Did you say, on a weekly	19	deposition each time I identify a document
20	basis?	20	to have the document identified by you and
21	MR. BARTHOLOMAE: She said, monthly.	21	the Bates number reread every time I refer
22	A There was a detailed report. There	22	to an exhibit because I think it will
23	was a report listing the ratios for all the	23	prolong this deposition.
24	representatives in the office.	24	We talked about this before in front
25	Q The branch office?	25	of the judge, as far as the procedures for
	46		48
1	DIRECT - TAYLOR	1	DIRECT - TAYLOR
2	A The branch office.	2	people participating by telephone. Outside
3	Q What was that report called?	3	of identifying the Bates number of the
4	A I think it was called like a rolling	4	document, I'm not going to have the
5	12-month report for the reps. It was detailed in	5	deposition stopped every time I use the
6	that memo we just talked about.	6	document for you to identify the document
7	Q Would it help you to refer to that	7	by date or whatever it's called and reread
8	memo when I asked you these questions?	8	the Bates number for anybody else, because
9	A Yes.	9	Judge Whalen has stated, because people are
10	MR. BARTHOLOMAE: Off the record.	10	participating by telephone by their own
11	(OFF THE RECORD)(ON THE RECORD)	11	risk, if there is a poor connection or
12	Q Ms. Taylor, before our break, I was	12	something that can't be heard, that's not
13	asking some questions about the report	13	something that can hold up a deposition.
14	distribution. You referred to a document.	14	MS. TAYLOR: I don't think that was
15	The document that I have in front of	15	Judge Whalen's decision.
16	me is consecutively Bates numbered MP9365000370	16	Furthermore, the reason I repeated
17	through 372, and is this the document you are	17	the Bates number was because you have a
18	referring to?	18	cold, and you are speaking very softly, and
19	A Yes.	19	therefore, it's very difficult to hear. I
20	Q Is this a document you prepared?	20	was actually trying to help out.
21	A Yes.	21	MR. BARTHOLOMAE: You didn't hear
22	MS. TAYLOR: For the people who are	22	me?
23	participating by phone, this document is	23	MS. TAYLOR: I think it's hard to
24	entitled "Finance by Inforce Policies	24	hear you. To tell the truth, I think the
25	(FIP)." The last page is dated March 31,	25	court reporter may be having trouble

1 DIRECT - TAYLOR
 2 hearing you. You are soft spoken because
 3 you have a cold.
 4 Let's move on.
 5 MR. BARTHOLOMAE: I'll ask everybody
 6 here in the room here today, somebody
 7 doesn't hear the Bates number, please tell
 8 me at that time.
 9 Sir, if you don't hear the --
 10 MR. BRUMFIELD: Clare did that. She
 11 asked to repeat the Bates number.
 12 MR. BARTHOLOMAE: I don't think she
 13 did. Patty started identifying the
 14 document and the date.
 15 Regardless, this isn't something -- I
 16 would not repeat the Bates number for
 17 people that don't hear it on the telephone.
 18 MR. BRUMFIELD: You will read it.
 19 MR. BARTHOLOMAE: No, I won't.
 20 MS. TAYLOR: That takes about 10
 21 seconds. Let's move on.
 22 Q Ms. Taylor, getting back to this
 23 document, what was the purpose of your preparation
 24 of this document?
 25 A Someone asked me to prepare this

1 DIRECT - TAYLOR
 2 summary report, what was the summary report?
 3 A The summary report listed the current
 4 month matches and ratio, as well as the date
 5 matches and ratio for every sales office, every
 6 region, every territory and a roll-up of those
 7 numbers on a company basis.
 8 Q Is the summary report for the whole
 9 company?
 10 A Yes, broken down by sales office,
 11 region, territory and then company.
 12 Q Who received copies of those reports?
 13 A One copy was distributed to the
 14 territorial officers in the territory, a copy of
 15 the summary report because that summary report
 16 gave them the FIP ratio for the month, the date or
 17 their regions and sales office, and we kept a copy
 18 of the report.
 19 Q Other than the territorial offices
 20 did anyone else in the company receive copies of
 21 these summary reports?
 22 A Not on a routine basis. If someone
 23 requested we send them to a particular office,
 24 region or territory, we would, of course, give it
 25 to them.

1 DIRECT - TAYLOR
 2 document back in 1994. I don't remember who asked
 3 me to prepare it, but I did prepare it.
 4 Q Do you know the reason why you were
 5 asked to prepare the document? Did the person
 6 tell you why they wanted you to prepare it?
 7 A It's my recollection that back in May
 8 of 1994, I had been posting -- telling my
 9 supervisor that I wanted to go on to another
 10 position in the company, and I was looking at
 11 postings on the posting board. I thought it would
 12 be a good idea if I kind of memorialized all of
 13 the things I knew about the FIP system in one spot
 14 because at that point in time, I was the only one
 15 working on the reports. Someone did ask me to
 16 prepare it. I don't know who did at that time.
 17 Q Before our break, I was asking about
 18 the different types of reports. You talked about
 19 a summary report, a daily report and something you
 20 referred to as a rolling 12-month report.
 21 Does this document help refresh your
 22 recollection as to any other types of reports or
 23 different names of reports?
 24 A Yes, it does.
 25 Q When you talked before about the

1 DIRECT - TAYLOR
 2 Q Was this summary report also
 3 generated on a monthly basis?
 4 A Yes.
 5 Q When you said if someone requested a
 6 copy of the report, you would give it to them,
 7 does that hold true for anybody in the company, or
 8 are there certain levels or positions in the
 9 company that would be able to obtain copies of
 10 these summary reports?
 11 A Well, we retained the reports.
 12 Anyone wanting a copy of the report would come to
 13 us.
 14 Q My question: For example, the sales
 15 representative called you up and said I want a
 16 copy of the summary report, is that something they
 17 could obtain, or only someone in a management
 18 position could obtain?
 19 A If a salesperson called, we would say
 20 they would have to speak to their manager for the
 21 FIP report. We wouldn't give a copy to the sales
 22 rep.
 23 Q Who at the company would be able to
 24 request, obtain a copy of the summary report?
 25 MR. LABOVITZ: Objection.

<p>1 DIRECT - TAYLOR 2 A People like the branch, if a region 3 wanted a copy, they lost a copy, they wanted it 4 replaced, someone from the Auditing Department 5 wanted a copy of the record, we would give them a 6 copy of the report. Someone from the Compensation 7 Department wanted a copy of the report, we would 8 give them a copy of the report. 9 Q Were these summary reports routinely 10 sent to members of the management such as a 11 president of the company? 12 A No. 13 MS. TAYLOR: You mean by Ms. Taylor's 14 unit? 15 MR. BARTHOLOMAE: By whoever sent 16 them out. 17 A I was distributing the reports. No, 18 we did not retain copies from the FIP reports to 19 the president of the company. 20 Q I'm asking in general. 21 A I don't know what anyone else might 22 have done with them once I gave it to them, but I 23 didn't distribute it. 24 Q Outside of distributing the report, 25 was any analysis of the report conducted by the</p>	<p>53</p> <p>1 DIRECT - TAYLOR 2 Q Was there any routine analysis done 3 of these summary reports, as far as every six 4 months a report was generated talking about the 5 prior six months, every quarter or year? 6 A I don't recall doing an analysis on a 7 routine basis. 8 Q Were yearly reports generated which 9 contained the same information as the summary 10 report, but for a yearly basis? 11 A The report that was created at the 12 end of the year, let's say the December report, 13 because the reports included the current month's 14 information, as well as the year-to-date 15 information, it included all of one year on that 16 one report. 17 Q The summary reports that were 18 generated, did they necessarily include the prior 19 12 months or 11 months? 20 A The summary reports, no. The current 21 month and year-to-date for an office, sales 22 office, region, territory, company. 23 Q Outside of the territorial office, no 24 one else received these reports on a routine basis 25 from your department?</p>
<p>1 DIRECT - TAYLOR 2 products planning area whichever accompanied or 3 existed with respect to individual summary 4 reports? 5 MS. TAYLOR: Objection to form. 6 MR. LABOVITZ: Objection to form. 7 Q Do you understand the question? 8 A Not really. 9 Q Outside of just distributing the 10 report, was there any type of analysis, for 11 example, any comment, the best word I can think, 12 of the analysis of the report that was done by the 13 product planning area, for example, the FIP report 14 for this month is higher than the last one, give 15 the territorial – 16 A Yeah, there were reports produced, 17 not every month. If we were asked to do some 18 analysis, we would do an analysis. Typically, 19 Frank Dochniak would do the analysis, comparing 20 one month to another. If one of the officers in 21 the department was going out to visit a particular 22 branch or region, particularly a region or 23 territory, they might ask us, what were the FIP 24 ratios for that office as part of them preparing 25 for their visit.</p>	<p>54</p> <p>1 DIRECT - TAYLOR 2 MS. TAYLOR: Objection as to form. 3 MR. LABOVITZ: Join. 4 Q You can answer. 5 A No. 6 Q Let's talk about what you call the 7 detailed report. 8 What was that? 9 A The detailed report showed exactly, I 10 don't know what it says, the details, the detailed 11 information about the old policy and new policy. 12 For example, the name of the owner, the insured, 13 the premium, the amount withdrawn, the identity of 14 the representative involved in the match. It also 15 included the current and year-to-date of placed 16 policies for that particular office. 17 Q Talking about a branch office, 18 branch? 19 A Branch office, yes. It showed the 20 number of fit matches and ratio of each office. 21 Q When you say the ratio for each 22 office, what types of offices are there? 23 A Sales office. Each sales office had 24 a number of matches, a number of places and the 25 resulting ratio of those two numbers.</p>

1 DIRECT - TAYLOR

2 Q Is this a detailed report for the
3 region?

4 A No. For the sales office, the
5 agency, the branch.

6 Q So it would be a detailed report of
7 the branch office and the sales representatives
8 who work in that office?

9 A Yes.

10 Q Were reports generated which detailed
11 the regional office and the various branch offices
12 within the regional office, whatever region it may
13 be?

14 A No. Rather, the regional office
15 received a copy of the detailed report for each
16 branch or sales that reported to it.

17 Q Were reports generated which, outside
18 of the summary report, which contained the FIP
19 ratio for the various branch offices within a
20 region and of the region itself?

21 A Say that again.

22 Q You told me about a summary report
23 which basically went from the company down and
24 talked about a detailed report which was the
25 branch office and sales office.

1 DIRECT - TAYLOR

2 report?

3 A Yes.

4 Q The third report you identified, you
5 said it was a rolling 12-month report.

6 I think you were referring to a
7 report on an individual sales representative; is
8 that right?

9 A Yes.

10 Q What information was contained on
11 those reports?

12 A That report showed the number of
13 placed policies and the number of matches for each
14 representative in a particular office and the
15 ratio associated with those places and matches.

16 Q Did the information contained on
17 those reports change over time?

18 A Not that I can recall.

19 Q Who received copies of those reports?

20 A We distributed two copies of that
21 report to the region: Again, one copy for their
22 use and one copy to be sent to the branch, sales
23 office.

24 Q Did the sales representative
25 necessarily receive a copy of his or own rolling

1 DIRECT - TAYLOR

2 I'm asking if there was a report
3 generated for the region itself which talked about
4 the regional offices and branch office?

5 A That would be the summary report.

6 Q I'm just asking if there was a
7 specific report generated just for each specific
8 region. Does that make sense?

9 A Yes.

10 Q I know the summary report contains a
11 lot more information.

12 A The summary report included the
13 number of matches, the number of placements on a
14 current and year-to-date basis for each sales
15 office that reported to a region. So a region got
16 a listing of the FIP reported to each sales
17 office.

18 Q The summary report also contained a
19 ratio for the company; is that right?

20 A Not on the reports the region
21 received.

22 Q The region only received a report for
23 its own sales offices?

24 A Right.

25 Q That was also called a summary

1 DIRECT - TAYLOR

2 12-month report directly?

3 A Not from us. We distributed directly
4 to the region.

5 Q Was it the region's responsibility to
6 distribute those reports to the sales
7 representatives?

8 A No.

9 Q Was it the region's responsibility to
10 distribute the reports to the branch managers?

11 A The branch managers.

12 Q Was it the branch manager's
13 responsibility to distribute a copy of the sales
14 representative's individual report to him or her?

15 A No.

16 Q What was the reason for the sales
17 representative not receiving a copy of the FIP
18 report?

19 MS. TAYLOR: Objection as to form.

20 MR. LABOVITZ: Join.

21 A The FIP report was really a
22 management tool, and so the report that was sent
23 to the branch manager included the information for
24 each representative in the office. So the listing
25 would have several representatives' names on it,

	61		63
1 DIRECT - TAYLOR		1 DIRECT - TAYLOR	
2 and it was the branch manager's responsibility to		2 MR. LABOVITZ: Join.	
3 use that report in conjunction with the detailed		3 A Should I answer?	
4 report and discuss the matches each month with the		4 Q Sure.	
5 representatives.		5 A It had an impact on the sales	
6 Q Could the FIP reporting system, the		6 representative, not compensation. The manager had	
7 system which generated the reports, be manipulated		7 a conversation with the sales representative about	
8 to generate reports with respect to individual		8 their activity. That's the kind of impact it	
9 representatives? I'm saying, generate a report		9 would have on the rep.	
10 for Joe Smith for the past two years, what his FIP		10 Q When you say the branch manager had	
11 ratios have been over those two years; is that		11 discussions with the sales representative, what	
12 something that could be done?		12 are you referring to?	
13 A I don't recall that being done, but		13 A The company encouraged, told	
14 we could go back and look at microfiche for the		14 management it was their responsibility to use this	
15 information over time.		15 report, these reports in fact, to have discussions	
16 Q You could look at the reports		16 with sales representatives as to what was	
17 themselves?		17 appearing on the reports. Could be an individual	
18 A More than likely, we would look at		18 transaction they wanted to discuss with the rep,	
19 the reports on microfiche.		19 or it could be that they saw a pattern, where the	
20 Q I guess my question is, was it		20 representative was using these values to support	
21 possible to generate reports according to whatever		21 the sale of a business. In any event, the manager	
22 detail, whatever variables the person desired they		22 should review the reports and have a discussion	
23 wanted to know about, there were only these		23 with the representative, what they saw on the	
24 reports you described that were able to be		24 reports.	
25 generated by the system?		25 Q Beyond these discussions with the	
	62		64
1 DIRECT - TAYLOR		1 DIRECT - TAYLOR	
2 MS. TAYLOR: Objection as to form.		2 branch manager, was there any other way in which	
3 A These were the reports automatically		3 the FIP ratio had any effect on the sales	
4 generated by the system, and the system didn't		4 representative?	
5 have a way of inquiring the system and saying I		5 A The branch manager could actually put	
6 want this, that and the other based on certain		6 in, if he felt -- he or she felt it was necessary,	
7 time frames, certain people, no. You would have		7 review applications submitted by the rep, call	
8 to set up a report to run. It would be		8 customers that had applications that were	
9 predetermined what would be in the report.		9 submitted. The corrective action or lack of	
10 Q We talked earlier about the		10 corrective action wasn't needed was left up to the	
11 relationship between the FIP ratio and branch		11 manager of his or review of the reports, to	
12 manager and how it relates to the branch manager's		12 actually discuss what was matching in the system	
13 compensation, and I wanted to ask you again about		13 with the representative.	
14 any way in which the FIP ratio related to sales		14 Q Were there company guidelines which	
15 or -- let me ask first, any way in which FIP ratio		15 detailed corrective action that the branch manager	
16 related to the sales representative himself or		16 should take with respect to FIP ratio of sales	
17 herself.		17 representatives?	
18 MS. TAYLOR: Objection to form.		18 A Yes.	
19 MR. LABOVITZ: Objection to form.		19 Q What were those?	
20 Q Do you want me to rephrase that		20 A Corrective action, one of the	
21 question?		21 corrective actions would be to attempt to correct	
22 A Yes.		22 the situation by having these discussions with	
23 Q Did the FIP ratio have any impact on		23 representatives, restating the company policy with	
24 the sales representative?		24 respect to the FIP system, and the manager could	
25 MS. TAYLOR: Objection as to form.		25 even terminate the rep if necessary, not solely	

<p>1 DIRECT - TAYLOR 2 based on the number, because the number doesn't 3 mean the representative is doing anything wrong, 4 but based on discussions with the rep, reviewing 5 applications and files, the manager could even 6 terminate the rep. 7 Q When you say the number doesn't 8 necessarily indicate the sales rep was doing 9 something wrong, can you explain that? 10 A Because the system matched the new 11 issue to a withdrawal transaction. There was this 12 adjustment process we talked about before. 13 If the manager wasn't reviewing the 14 reports and asking for adjustments, if the 15 representative's ratio could stay high, outside of 16 the ones done automatically, the manager had an 17 obligation to look at those reports and discuss it 18 with the rep. The rep's explanation of the match 19 might be fine. 20 Q I didn't want to interrupt you. 21 Let me ask you what you mean when you 22 say the rate could stay high. 23 What do you consider to be high? 24 A High is anything that shouldn't be on 25 there, that should be off, in my opinion.</p>	<p>65</p> <p>1 DIRECT - TAYLOR 2 could be terminated for having a certain FIP 3 ratio. 4 A No. 5 Q Were any sales representatives 6 terminated for having high FIP ratios? 7 A I recall one instance in a branch 8 identified as, I believe, 702 Marine Park where 9 reps were terminated for not necessarily having a 10 high FIP ratio, but using inforced policy as a 11 method of sale. 12 Q Is that in Michigan? 13 A No. In Brooklyn. 14 MS. TAYLOR: I want to mention, Ms. 15 Taylor is not in the area that actually 16 makes the termination decisions. 17 THE WITNESS: That's just my 18 recollection of someone being terminated 19 using FIP as a method of selling. 20 Q Were any sales representatives in the 21 Pittsburgh region terminated for having high FIP 22 ratio during the time period starting in the early 23 '80s and going through the mid '90s? 24 MR. LABOVITZ: Objection. 25 MS. TAYLOR: Objection as to form.</p>
<p>1 DIRECT - TAYLOR 2 If I had a match and I sold three 3 policies and had three matches, I probably had a 4 hundred percent ratio. Those policies may be not 5 taken, and it would reduce my ratio. Or a manager 6 discusses a match with a rep and even though that 7 case became not taken, the manager may want to 8 discuss the entire transaction with the rep, not 9 just the fact it should be adjusted or not 10 adjusted. 11 Q Was it the company's policy that 12 branch managers were to discuss all matches with 13 sales representatives? 14 A Yes. 15 Q Was there a company policy as to what 16 point a sales representative would be terminated 17 in connection with FIP ratio? 18 A No. Never gave a number and said a 19 rep's ratio at a certain number, that they should 20 be terminated. 21 Q Was that something that was ever 22 discussed in the company or any consideration ever 23 given to that? 24 A Given to? 25 Q A policy where sales representatives</p>	<p>66</p> <p>1 DIRECT - TAYLOR 2 Lack of foundation. 3 A I wouldn't know that. 4 Q Do you know who would know that? 5 A I would suspect the region, branch 6 manager, regions and territories that were 7 reported to would know that. 8 Q Do you know whether the branch 9 manager had the authority to terminate a sales 10 representative for having a high FIP ratio? 11 A Everything that we told the manager 12 with respect to termination involving the use of 13 inforced policy value was not based on the number. 14 We cautioned against the number. Where it was 15 determined the rep was indeed using this practice 16 as a method of sale, the manager could terminate 17 the rep. 18 Q When reports were generated, and I'm 19 referring specifically to the reports we talked 20 about earlier which detailed the FIP ratios of 21 individual sales representatives, was there any 22 kind of care or flag which was something that made 23 the department aware certain sales representatives 24 had certain FIP ratios or -- 25 MS. TAYLOR: Objection as to form.</p>

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1	DIRECT - TAYLOR	1	DIRECT - TAYLOR
2	Q Do you understand that?	2	When reports were generated with
3	A No.	3	respect to individual sales representatives and
4	Q You told me reports were generated	4	that match was indicated and, you said, the match
5	and distributed.	5	was not -- let's say there was no adjustment
6	Was there something in the system	6	requested by the branch manager. What was done,
7	which ever indicated to the people generating the	7	if anything, by the company at that point with
8	reports that there was a high FIP ratio contained	8	respect to that match with the sales
9	in the report?	9	representative?
10	MS. TAYLOR: Objection as to form.	10	MS. TAYLOR: Objection as to form.
11	MR. LABOVITZ: Join.	11	Q Do you want me to rephrase that?
12	A No.	12	A Yes.
13	Q For example, we talked earlier about	13	Q When a report was generated and the
14	the 15-percent number.	14	report indicates there was a match on the FIP
15	Was there anything that said, okay,	15	system for a sales representative, what was done
16	here's a stack with the names of 25 sales	16	by the company when the branch manager didn't
17	representatives and three of them have a FIP	17	request an adjustment, the branch manager didn't
18	ratios in excess of 15 percent, some of them are	18	dispute the match?
19	in the 40 range?	19	A It stayed as part of the ratio.
20	Do you understand what I'm saying?	20	Q Did anybody at the company contact
21	A Yeah.	21	the policyholder to find out what had happened
22	MS. TAYLOR: Objection as to form.	22	with respect to the specific transaction?
23	MR. LABOVITZ: Join.	23	MS. TAYLOR: You're asking in a
24	A The 15-percent ratio we referred to	24	specific case?
25	was at that time a branch level. It wasn't at a	25	MR. BARTHOLOMAE: As a general
	70		72
1	DIRECT - TAYLOR	1	DIRECT - TAYLOR
2	representative level. There wasn't like a red	2	company policy, what the company policies
3	flag that said these representatives have a FIP	3	were when a report indicated there was a
4	ratio over any particular number.	4	match.
5	Q Was there of a particular number	5	Q Whatever the match was for,
6	established by the company with respect to a FIP	6	replacement transaction, equity funding issue, the
7	ratio where a sales representatives him or herself	7	branch manager received a copy of the report,
8	was supposed to keep their match rate under that	8	didn't request an adjustment, and you are just
9	certain number?	9	saying the match stayed on the ratio.
10	A Not that I can recall.	10	My question is, was there a company
11	Q So there was no similar 15-percent	11	policy with respect to determining if, in fact,
12	ratio with respect to sales representatives	12	the match was correct or what had happened in the
13	themselves individually?	13	specific transaction to cause the match?
14	A Again the 15-percent ratio was, as we	14	MS. TAYLOR: Objection as to form.
15	were discussing, kind of related to what the	15	MR. LABOVITZ: Objection to form.
16	compensation people did with the numbers. Since	16	What time period are you referring
17	there was no compensation to the reps, there was	17	to?
18	no similar number. The manager was supposed to	18	MR. BARTHOLOMAE: The time period
19	review the reports. If it was just one case they	19	where the FIP reporting system existed.
20	wanted to discuss with the rep...	20	A Sounds like you're asking me two
21	The ratio with respect to the reps,	21	questions.
22	didn't set a number, told managers to do anything	22	If there was no request from the
23	special, didn't have an effect on their	23	branch manager to adjust the match that was
24	compensation. I think I answered your question.	24	reported, the match stayed on the report.
25	Q I think you did.	25	With respect, I think -- what did you

1 DIRECT - TAYLOR

2 ask me about?

3 Q Given that scenario where the match
4 stayed on, there was no request for an adjustment,
5 was anything further done, anything done at all
6 from the company standpoint to determine the
7 nature of the transaction that triggered the
8 match?

9 A What do you mean by "nature"?

10 Q For example, the match was triggered
11 because of a replacement transaction.

12 A The FIP system, it matched a
13 withdrawal of \$100 to a newly issued policy, it
14 took into account nothing to do with replacement.
15 This discussion would happen with the manager and
16 rep -- the manager could easily see it was a long
17 dividend, cash surrender and saw what was
18 purchased.

19 I'm not sure -- if something happened
20 contacting the customer, it would be at the local
21 office level with respect to the FIP report.

22 Q If there was a cash surrender and it
23 triggered a FIP match, outside of the branch
24 manager having a discussion with the sales
25 representative about that match or possibly doing

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1 DIRECT - TAYLOR

2 either a different department of Metropolitan
3 Life, I don't know who, to determine the nature of
4 the transaction similar to the conversation that a
5 branch manager would have with a sales rep, some
6 other independent person?

7 Do you understand what I'm saying?

8 A I think I understand what you are
9 saying, but my response would be, not using the
10 FIP report to do that. What this cash surrender
11 and new match did in other departments, how that
12 was reported to them and what they did with the
13 information, I don't know.

14 The FIP reports themselves was a
15 management tool for the sales offices, not
16 something that the corporation would use to
17 monitor anything else that was going on.

18 Q For example, were FIP reports
19 provided to the Auditing Department at
20 Metropolitan Life?

21 A On request.

22 Q Do you know how the FIP reporting
23 system was used by the Auditing Department?

24 A As far as I know, when they went out
25 and conducted an audit of a sales office, they may

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1 DIRECT - TAYLOR

2 whatever investigation they did at the branch
3 level, was there anything else done within the
4 company to determine the reason for the match or
5 nature of the transaction?

6 MS. TAYLOR: Objection as to form.

7 MR. LABOVITZ: Join.

8 A I don't know.

9 MS. TAYLOR: I don't know she would
10 know the details of individual specific
11 transactions.

12 Q I'm asking about a company policy.

13 For example, you told me, when a FIP match was
14 triggered on the report, and let's say a dividend
15 withdrawal that triggered the match, it would be
16 up to the branch manager to have a discussion with
17 the sales representative and say, what happened
18 here, you got a match in the FIP report system; is
19 that right?

20 A With respect to financing, yes, using
21 inforced business to support new sales.

22 Q Outside of the branch manager having
23 a conversation with the sales representative, was
24 there anything else, anything as far as a Met
25 policy where any further investigation was done by

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1 DIRECT - TAYLOR

2 have used the FIP report, after some analysis they
3 did, to discuss the report with the manager, reps,
4 customers, any number of things. Whatever
5 auditors do.

6 Q Was there any other department at
7 Metropolitan Life who used the FIP reporting
8 system in their regular course of business?

9 A Regular course of business?

10 MS. TAYLOR: Objection as to form.

11 MR. LABOVITZ: Objection to form, and
12 also I think it lacks foundation, and you
13 are calling for speculation.

14 MR. BARTHOLOMAE: I don't think it
15 calls for speculation. I'm asking if a
16 department at Metropolitan Life used the
17 system.

18 A The system?

19 Q Requested the report for information,
20 any reason.

21 A I don't think auditing would ask.

22 Q I was using auditing as an example.
23 I didn't know if there are other departments that

24 requested FIP reports on a routine basis.

25 A In requesting auditing, I don't know

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	77		79
1 DIRECT - TAYLOR 2 if you can characterize that as routine. If they 3 requested the information from us, we would send 4 it to them. The reports were distributed on a 5 routine basis, the way I described it in this 6 memo. Other units can discuss information 7 contained in the reports.		1 DIRECT - TAYLOR 2 permitted to obtain or attend one of those 3 conferences? 4 A That would be an example of a 5 situation where the branch manager, supervisor, 6 region and territory could use, and the company 7 suggested they review the FIP system in 8 determining whether branch managers should attend 9 certain conferences.	
8 Q Besides the Auditing Department, 9 which other units you are referring to would ask 10 for reports? 11 A Compensation Unit. 12 Q Anybody else? 13 MS. TAYLOR: I think she testified a 14 little about this before. She said, on 15 occasion she would provide specific reports 16 when people were visiting a region. 17 MR. BARTHOLOMAE: I was getting more 18 at different units of Metropolitan Life 19 that would have use for these FIP reports. 20 A No. 21 Q Was there any Metropolitan Life 22 policy to withdraw commissions from sales 23 representatives if the sale of a representative 24 that earned the commission had triggered a FIP 25 match?	78	10 Q Was there a company policy where, for 11 example, branch managers would not be allowed to 12 attend a conference if their FIP ratio was at a 13 certain number? 14 MS. TAYLOR: Objection as to form. 15 Lack of foundation. 16 A I don't recall a policy per se that 17 said if a manager had a certain ratio, he or she 18 could not attend a conference. 19 MS. TAYLOR: I don't think that's a 20 decision of hers. 21 A I would provide the information, 22 someone wanted the information to know what the 23 ratio for the branch was. They had this 24 information anyway. If they wanted more detail 25 about matches, we would provide it. We didn't	80
1 DIRECT - TAYLOR 2 MS. TAYLOR: Objection as to form. 3 Asked and answered. 4 MR. LABOVITZ: Join. 5 THE WITNESS: Do I answer this 6 question? 7 MR. BARTHOLOMAE: Yes, if you 8 understand it. 9 A The FIP system was not used with 10 respect to compensating a rep. So the system 11 wasn't used to pay a rep commission or not pay a 12 rep a commission or determining whether a rep 13 should be paid a commission or not. 14 Q Did the FIP reporting system relate 15 in any way to branch managers obtaining a certain 16 conference designation? What I mean by that, a 17 Leader's Conference, a President's Conference or 18 President's Council designation. 19 MS. TAYLOR: Objection as to form. 20 Q Do you know what those three things 21 are? 22 A I know what they are. 23 Would you repeat the question. 24 Q Did the FIP reporting system have any 25 impact on whether a branch manager would be		1 DIRECT - TAYLOR 2 decide. I don't know about a policy either, 3 specific policy. 4 Q Do you know who I would have to talk 5 to to find out about that? 6 A About a specific policy? 7 Q Yes. 8 A I would suspect someone in the 9 compensation unit would handle recognition and 10 compensation both. I consider the President's 11 Conference and Council recognition. 12 Q We are not talking a management's 13 Leader's Conference -- I know I used the term 14 "President's Council" and "President's 15 Conference." They are associated with sales 16 representatives, not necessarily branch managers. 17 Do you know what I'm referring to 18 when I say manager's conference? 19 A I believe it was up to the discretion 20 of management at the local level to decide if 21 someone should or not attend the conferences. I 22 don't know what those guidelines were. 23 Q Similarly, I want to ask, with 24 respect to sales representatives, was there any 25 company policy where sales representatives would	

1 DIRECT - TAYLOR
 2 be, rather, not be permitted to attend either a
 3 Leader's Conference or President's Conference
 4 based on their FIP ratio?

5 A Again, I don't know about a policy,
 6 but local management would decide, because FIP
 7 ratio was a number. How they use that number in
 8 determining whether a rep should or not attend a
 9 conference, I don't recall a policy.

10 Q You said this a couple times: FIP
 11 was a number, and it was up to management how it
 12 was supposed to be used.

13 I had asked you at the beginning of
 14 the deposition what the purpose of the FIP ratio
 15 is.

16 My understanding of what you said
 17 was, it was a ratio that was supposed to indicate
 18 whether a representative was using replacement or
 19 equity funding as a method of selling.

20 Did I get that wrong?

21 MS. TAYLOR: Objection to form.

22 A I think so.

23 Q Can you tell me again the purpose of
 24 the FIP ratio.

25 A The purpose of the FIP ratio was to

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1 DIRECT - TAYLOR
 2 means: Metropolitan Sales Activity Monitoring
 3 System.
 4 Q Give me a definition of what the
 5 MSAMS system was.

6 A I'm not versed on MSAMS. I know
 7 sometime after 1994, the FIP system was, the paper
 8 reports were not distributed, and they made the
 9 reports available electronically. At some point
 10 in time after 1994, MSAMS was developed which
 11 replaced, it replaced the FIP system. I'm not
 12 well-versed in MSAMS. It's my understanding they
 13 show similar types of information.

14 Q Do you know who made the decision to
 15 make the change from the FIP reporting system to
 16 the MSAMS reporting system?

17 A No. I think there is documents
 18 included here that talks about the MSAMS system.

19 Q Do you know the reason why the change
 20 was made from the FIP system to the MSAMS system?

21 A The MSAMS system, my understanding,
 22 matched, had more information, do a better job at
 23 matching is what I'm saying, do a better job at
 24 matching the transactions.

25 Q How would it do a better job?

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1 DIRECT - TAYLOR
 2 give management - I prefer really to speak to the
 3 report. The report that was sent to the manager,
 4 which included a FIP ratio, was a tool for the
 5 manager to assist the manager in determining if a
 6 representative was using inforced policy values to
 7 support the sale of new business.

8 I want to be clear, it did not
 9 include any reference as to whether the policies
 10 or transactions involved were replacement. Just
 11 using inforced policy values, selling new
 12 business, as a rep, using it as a method of sale.
 13 That's kind of what the tool was intended for, the
 14 report was intended for.

15 Q Ms. Taylor, you said, at some point
 16 the FIP reporting system was done away with; is
 17 that right?

18 MS. TAYLOR: Objection to form.

19 MR. LABOVITZ: Join.

20 Q It ceased to exist?

21 A I think it became something else.

22 Q What did it become?

23 A I think it became MSAMS.

24 Q What is MSAMS?

25 A I can tell you what the acronym

1 DIRECT - TAYLOR

2 A I believe a lot of those manual
 3 adjustments that would take place in the manual
 4 system could be handled by MSAMS without
 5 processing a manual match - manual adjustment.
 6 I'm sorry.

7 Q Was the MSAMS system more
 8 comprehensive than the FIP system as far as the
 9 different areas, different match areas?

10 MS. TAYLOR: Objection as to form.

11 MR. LABOVITZ: Objection as to form.

12 A I don't know.
 13 What I do know, the MSAMS system,
 14 remember when you asked me about the query type
 15 things, can you ask a system? That was one of the
 16 major differences between the FIP and MSAMS
 17 system: You could get different types of reports.

18 As far as the detailed differences
 19 between the two, I don't know.

20 Q Are you aware of any documents which
 21 talk about the discontinuance of the FIP reporting
 22 system?

23 A I believe there might be documents in
 24 there replacing FIP with MSAMS, not necessarily
 25 discontinuing the information provided to the

1 DIRECT - TAYLOR 2 sales offices. 3 Q Was any analysis of the FIP reporting 4 system conducted which at some point determined 5 that it was necessary to implement a new system 6 over the MSAMS system? 7 A I don't know about that. 8 Q Do you know who would know about 9 that? 10 A I remember reviewing some documents 11 while preparing for this deposition that were 12 written by Mike Levine that talked about some 13 analysis, expanding the FIP system or creating a 14 new system. I don't remember the details of what 15 it was. 16 Q Who is Mike Levine? 17 A He is an actuary of the company. 18 Q What was his involvement – let me 19 ask you in general first, did he have any 20 involvement in the creation or any changes in the 21 FIP reporting system? 22 MS. TAYLOR: Objection as to form. 23 A Not that I know of. 24 Q When you mentioned Mr. Levine's name, 25 how –	85	1 DIRECT - TAYLOR 2 was in several different departments. He could 3 have been in the Actuarial Department. Could have 4 been in the Marketing Department. Depends on what 5 memo you are talking about or when he did a 6 particular analysis. He wasn't in one department 7 that I can recall from 1985 or '6. 8 Q Does Mr. Levine still work at 9 Metropolitan Life? 10 A No, I don't believe he still works 11 there. 12 Q Do you know when he stopped working 13 there? 14 A No, but I think it wasn't like 10 15 years ago. More recent than that. Few years ago, 16 I think. I'm not sure. 17 Q What analysis was done of the FIP 18 reporting system to determine that it would be 19 replaced by the MSAMS system? 20 MS. TAYLOR: Objection as to form. 21 It was asked and answered. 22 MR. LABOVITZ: Join. 23 MR. BARTHOLOMAE: I'm asking for the 24 specific. 25 Q I know you said Mr. Levine may have	87
1 DIRECT - TAYLOR 2 A Talking about MSAMS. 3 Q Mr. Levine have anything to do with 4 the FIP reporting system at all? 5 MS. TAYLOR: Objection as to form. 6 A I don't know. 7 Q You mentioned Mr. Levine's name in 8 connection with the MSAMS system. 9 In what relation did you mention Mr. 10 Levine's name with the MSAMS system? 11 A The reason I mentioned his name, 12 because I thought you asked me about any analysis 13 being done as to whether a new system should be 14 created. That's the context I recall, seeing some 15 documents where Mr. Levine may have done some 16 analysis. 17 Q You said Mr. Levine worked in the 18 Actuary Department? 19 A I said he was an actuary. 20 Q Which department did he work in? 21 A When? 22 Q During the time this analysis was 23 conducted. 24 A I think he, from reviewing the 25 documents, he was probably – in several years, he	86	1 DIRECT - TAYLOR 2 conducted some analysis. I'm asking what that 3 analysis was. 4 A Oh, I don't know. I believe it's an 5 analysis, in some of the documents I looked at. 6 Q At any point in time, starting with 7 the creation of the FIP reporting system, was the 8 system relaxed in any way? 9 MS. TAYLOR: Objection as to form. 10 Q Do you understand the term "relaxed"?	88

1 DIRECT - TAYLOR

2 There was an experiment that involved
3 the use of dividends.

4 Outlined on the report that I wrote,
5 January 1988, there were two experiments initiated
6 in various regions: One where the FIP program was
7 expended in several regions for a period of two
8 years; the other involved the use of dividends,
9 dividend withdrawals.

10 MS. BELLO: Can you repeat the end of
11 your answer.

12 THE WITNESS: The use of dividend
13 withdrawals.

14 MR. BARTHOLOMAE: Ms. Taylor is
15 reading from this document. I'll mark it
16 as an exhibit. Mark this as Taylor 1
17 (Document titled "Financed by
18 Inforce Policies (FIP) is received and
19 marked Taylor Exhibit 1 for
20 identification.)

21 Q Getting back to the question I was
22 asking you about experiments, and you were telling
23 me about the second experiment in which you said
24 it involved dividend withdrawals --

25 A Yes.

1 DIRECT - TAYLOR

2 answered any questions that came in. I don't know
3 the rationale beyond establishing the 50/50, as we
4 called it, dividend, what's the word I'm looking
5 for, dividend adjustment.

6 Q You said "50/50."

7 What does that mean?

8 A Well, 50 percent needs to be paid out
9 of the pocket by the customer. The other 50
10 percent was the dividend withdrawal we matched.

11 Then it was not considered a match in the system,
12 for the ratio.

13 MS. TAYLOR: For particular areas.

14 A There were certain areas that
15 participated in both of the programs, both of the
16 experiments. It was not a company-wide
17 experiment.

18 Q Was one of those areas the Pittsburgh
19 region?

20 A For which?

21 Q The 50/50.

22 A Yes.

23 Q Who made the decision to implement or
24 conduct this experiment you are talking about?

25 A I don't know who made the decision to

1 DIRECT - TAYLOR

2 Q - can you explain that further, when
3 you said the experiment involved dividend
4 withdrawals?

5 A For 18 months, matches involving
6 dividend withdrawals where at least 50 percent of
7 the first-year annualized premium on the new
8 policies is paid by the policy owner and not by
9 the use of dividends were not considered a match.

10 So you would look at the annualized
11 premium. If a customer paid at least half of
12 those dividends, half of the premium
13 out-of-pocket, the dividend associated with that
14 would not be considered a match as long as the
15 dividend withdrawal didn't exceed 50 percent.

16 Q What was the reason for conducting
17 this experiment?

18 MS. TAYLOR: Objection to form.

19 Q I'm talking about the second one you
20 were referring to.

21 MS. TAYLOR: Objection as to form.

22 Lack of foundation.

23 A I don't know the reasoning behind
24 conducting the experiments. Basically, I
25 processed the distribution of the reports,

1 DIRECT - TAYLOR

2 conduct it. I know who announced it in a release.
3 I don't know who made the decision. I believe
4 there is a document, when it was announced to the
5 field, it went, it went under Mr. Crimmins's
6 signature.

7 Q Do you know who would know the reason
8 for the experiment being conducted?

9 A One was Crimmins. I'm sure he would
10 know. I don't know who he discussed it with. I
11 don't know who else besides him would know.

12 Q Do you know who else in the company,
13 as far as a position, would be involved in making
14 that type of determination about a FIP experiment?

15 Do you understand the question?

16 A The determination, I didn't know what
17 the protocol was with respect to making decisions
18 on what was adjusted in the system or not. The
19 release came out over Crimmins's signature. I
20 assume at least he would know.

21 Q I think what I'm asking, was there a
22 certain department in the company that would make
23 these determinations, the Marketing Department or
24 whatever it was, that would say, okay, we're going
25 to do an experiment on FIP? Where would that

	93		95
1 DIRECT - TAYLOR		1 DIRECT - TAYLOR	
2 determination be generated, from which department		2 A I'm not sure. I'm not sure if they	
3 of the company?		3 are the document that specifically said the	
4 A The FIP system was being overseen by		4 experiment is over. They did get in touch with	
5 the Product Planning Department. If anyone wanted		5 each of the regions, the territory involved in the	
6 a change to be made on how adjustments were		6 experiment and tell them it was over.	
7 processed, it wouldn't be at the department, the		7 Q How were the regions chosen to	
8 unit that actually processed the assessments,		8 participate in the experiment?	
9 processed the adjustments. It would be some		9 A I don't know.	
10 higher level of management, different level of		10 Q Do you know who would know that?	
11 management. It may have included several people.		11 A Probably Mr. Crimmins. I don't know.	
12 I don't really know.		12 I can only speculate he would know.	
13 Q There wasn't a specific department		13	
14 responsible for implementing policy changes with		14 (LUNCHEON RECESS TAKEN.)	
15 respect to FIP ratio?		15	
16 A No, not that I know of. Not a		16	
17 certain department, no.		17 AFTERNOON SESSION	
18 Q There wasn't a certain position		18	
19 either, a person that was responsible for that?		19	
20 A No, not that I know of.		20	
21 Q What were the results of the 50/50		21 WILHELMENIA TAYLOR continues testifying as	
22 experiment in the Pittsburgh region?		22 follows:	
23 MR. LABOVITZ: Objection to form.		23	
24 A I don't remember what the results		24 CONTINUED DIRECT EXAMINATION BY MR. BARTHOLOMAEI:	
25 are, but I do recall there are - some documents		25 Q Ms. Taylor, I want to ask you some	
	94		96
1 DIRECT - TAYLOR		1 DIRECT - TAYLOR	
2 speak to what the results were with respect to		2 follow-up questions about some things that were	
3 that experiment. I'm not sure specifically it		3 discussed this morning, specifically with respect	
4 includes Pittsburgh. I think it speaks to the		4 to a line of questioning I was asking you	
5 overall results, including Pittsburgh.		5 regarding branch managers and their duty to	
6 Q Do you know what the overall result		6 oversee the sales representatives and the impact	
7 was of the experiment?		7 that had on the FIP ratio of their individual	
8 A I don't recall what it was. I		8 branch.	
9 believe it's in one of those documents over there.		9 The question I wanted to ask was,	
10 If you showed it to me, we could talk about it.		10 what oversight was there over the branch managers	
11 Q You said there was a field release by		11 to determine if they were overseeing the	
12 Mr. Crimmins talking about the experiments.		12 individual sales reps in their FIP ratios?	
13 Was there also a release		13 MS. TAYLOR: Objection as to form,	
14 discontinuing the experiment or saying the		14 regarding your characterizing of her prior	
15 experiment was over?		15 testimony.	
16 A Which experiment?		16 Q Do you remember the line of	
17 Q The one, whatever the field release		17 questioning I'm talking about, when we talked	
18 was referring to.		18 about the branch managers and their job to monitor	
19 A I think the field release referred to		19 the FIP rate of the sales representatives?	
20 maybe both experiments.		20 A Yes.	
21 Which one are you talking about?		21 Q The question I have, was there any	
22 Q Either.		22 oversight of the branch managers by someone else	
23 Were there field releases which		23 in the company to determine if they were, in fact,	
24 identified or stated that the experiments were		24 performing that task?	
25 completed, they were being stopped?		25 A I don't know specifically about any	

1 DIRECT - TAYLOR
 2 person or unit responsible to determine if the
 3 branch manager was actually having discussions or
 4 reviewing FIP reports with the representatives,
 5 no.

6 Q Do you know who might know the answer
 7 to that?

8 A I don't know who would necessarily
 9 know the answer to that, but I believe that the
 10 territorial vice presidents had discussion with
 11 the regions, and the regions had discussions with
 12 the branch managers about the FIP ratios. As far
 13 as verifying, the managers actually had
 14 discussions with the reps and some documentation,
 15 I don't know about that.

16 Q Were branch managers ever disciplined
 17 for not having discussions and monitoring the FIP
 18 ratios you talked about earlier?

19 A I don't know.

20 MS. TAYLOR: Objection as to form.

21 Lack of foundation.

22 MR. LABOVITZ: Join.

23 Q You said you didn't know?

24 A I don't know.

25 Q Was there a company policy that

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1 DIRECT - TAYLOR
 2 MR. LABOVITZ: Join. Lack of
 3 foundation.
 4 A There was a manual of instructions
 5 that the regional offices used. I don't remember
 6 if there was any actual policy written as to what
 7 should take place at the regional office level to
 8 make sure the managers were indeed monitoring it.
 9 I would say, it was expected that they would.

10 Q Expected by whom?

11 A Expected by the company.

12 The report was a management tool for
 13 all levels of management in the field.

14 Q Was there any policy in place to
 15 determine whether that expectation of the company
 16 was actually met?

17 A I don't know exactly what you mean.

18 Q You said there was an expectation.

19 You said the company expected that that took
 20 place.

21 I'm asking you if there was anything
 22 the company did to either realize whether that in
 23 fact did take place or enforce the fact that their
 24 expectation was being carried out?

25 MS. TAYLOR: Objection as to form.

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1 DIRECT - TAYLOR
 2 branch managers were to be disciplined if their
 3 branch FIP rate was at a certain level?
 4 A That they were to be disciplined?
 5 Q Right.
 6 A Not that I am aware of.
 7 Q Outside of the effect on the
 8 compensation of the branch managers and maybe
 9 their ability to attend a conference we talked
 10 about earlier, was there any other effect that the
 11 FIP rate had on branch managers?

12 A I can't speak to any effect that his
 13 or her supervisors might have had on managers as
 14 far as the ratio.

15 As far as my recollection from the
 16 documents, I don't know of any other
 17 mandatory-type thing that would happen based on
 18 the ratio.

19 Q Was there a duty, according to
 20 Metropolitan Life, policy of the regional manager
 21 to determine whether, or monitor whether, the
 22 branch manager, in fact, is performing his task of
 23 having those discussions and monitoring the FIP
 24 ratio of his sales representatives?

25 MS. TAYLOR: Objection as to form.

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1 DIRECT - TAYLOR
 2 Lack of foundation.
 3 MR. LABOVITZ: Join.
 4 A Releases that went to the field with
 5 respect to financing oftentimes were addressed.
 6 Several I reviewed in the documentation addressed
 7 the entire field force. Any memos sent out to
 8 managers also were copied at the supervisory level
 9 above them. The company's policy with respect to
 10 the use of inforced values, generally speaking,
 11 was reiterated.

12 I don't specifically remember
 13 anything that said the manager's supervisor should
 14 do X, Y, Z to make sure that was being done. I
 15 don't remember that specifically. That may be in
 16 some of the documents. I can't remember.

17 Q Do you recall seeing that in any of
 18 the documents you reviewed?

19 A Not specifically at the office of the
 20 regional level, I don't remember that.

21 Q Was there any Metropolitan Life
 22 policy where the branch manager would be
 23 terminated for having an excessive FIP ratio at
 24 his branch?

25 MS. TAYLOR: Objection as to form.

<p>1 DIRECT - TAYLOR 2 Lack of foundation. Also, previously asked 3 and answered. 4 MR. LABOVITZ: Objection as to form. 5 You can answer that, if you remember 6 what the question was. 7 Q I asked before about discipline. 8 I'm asking about termination as a 9 form of discipline, if that was something set 10 forth in the policy, where a branch manager can be 11 terminated from his branch for having a high FIP 12 ratio. 13 A If a branch manager is not monitoring 14 the activities of their sales representatives, 15 including FIP, the branch manager would be 16 terminated. Specifically wording saying, if your 17 branch ratio is up some certain level, you will be 18 terminated, I don't remember that policy. 19 What I remember speaking to before, 20 any representative who uses financing to help to 21 support new sales could be terminated. That would 22 be on an individual basis. 23 Q The question I was about to ask was, 24 were any branch managers ever terminated for 25 having an excessive FIP rate?</p>	<p>101</p> <p>1 DIRECT - TAYLOR 2 remember. 3 Q With regard to the FIP experiments 4 that we talked about earlier, you talked about two 5 experiments. 6 Are you aware of any others, other 7 than those two we talked about earlier? 8 A Not that I can recall. 9 Q Was it uncovered at Metropolitan Life 10 that sales representatives were circumventing the 11 FIP reporting system? 12 MS. TAYLOR: Objection as to form. 13 MR. LABOVITZ: Join. 14 A Most systems, yes, some 15 representatives were attempting to circumvent the 16 system. 17 Q By what means were sales 18 representatives attempting to circumvent the 19 system? 20 A I can't remember all of them, but I 21 do remember that addresses at one point in time 22 was an issue, the address on the old policy versus 23 a new policy, because addresses were a criteria in 24 the match. 25 Q Are you referring to a scenario where</p>
<p>102</p> <p>1 DIRECT - TAYLOR 2 MR. LABOVITZ: Objection to form. 3 Lack of foundation. 4 MS. TAYLOR: I join. 5 A If you're asking me if the manager 6 himself had an excessive FIP rate, or are you 7 talking about the FIP rate for the representatives 8 from his office? The manager himself has a rate 9 as well. 10 Q Is that a rate based on his sales? 11 A The rate based on the fact the sales 12 representatives, for all intents and purposes, 13 like a regular sales representative, they sell 14 policies and have matches, they show up on the 15 report as well. 16 Q In your last answer, you said, "I 17 don't know of any policy written down, but a 18 branch manager could be terminated if he doesn't 19 do what he's supposed to be doing with regard to 20 monitoring the sales representative." I'm asking 21 if you know any specific incidents. 22 A The 702 Marine Park office, I believe 23 the branch manager was also terminated. 24 Q Do you know of any others? 25 A Not that I am aware of, that I can</p>	<p>104</p> <p>1 DIRECT - TAYLOR 2 someone would change road to avenue, and it 3 wouldn't trigger a match because it was a 4 different address? 5 A That could be an example or other 6 examples of addresses. We knew if the addresses 7 weren't the same, that would not trigger a match. 8 Q Was anything done, take an address 9 example, anything done to correct that problem? 10 A Yes. 11 Q What was that? 12 A From what I can recall, an 13 enhancement to the system was made: If an address 14 change covered, I'm not exactly sure what the 15 period of time was, a certain period of time from 16 the date of the new issue, that, that we would 17 then match against the changed address. 18 Q Besides the address change, the 19 address issue, what other ways were there that 20 sales representatives attempted to circumvent the 21 FIP reporting system? 22 A I can't remember, off the top of my 23 head, the ways in which they tried to circumvent 24 the system. 25 The address thing is what I recall.</p>

<p>1 DIRECT - TAYLOR 2 There may be some documents that discuss it in 3 what we reviewed before the deposition. 4 Q Is that something you can identify as 5 far as a specific document? 6 A No. I remember something in there 7 about circumvent, and there were warnings that 8 representatives shouldn't try to circumvent the 9 system. 10 Q What was the company policy regarding 11 what was to happen when it was determined that a 12 sales representative was attempting or had, in 13 fact, circumvented the FIP reporting system? 14 MS. TAYLOR: Objection as to form. 15 Lack of foundation. 16 MR. LABOVITZ: Join. 17 A The manager, after – the manager 18 could be terminated for that kind of behavior. 19 Q Was there a policy that the manager 20 should necessarily terminate a representative if 21 he is found to have intentionally circumvented the 22 FIP reporting system? 23 A No. From what I recall, all the 24 documents I looked at, the manager could, but did 25 not have to.</p>	<p>105</p> <p>1 DIRECT - TAYLOR 2 The question I want to ask you, from 3 the company perspective, is that accurate, in 1980 4 the amount of cash involved, associated with cash 5 policy loans and dividend withdrawals hit the one 6 billion dollar mark? 7 MS. TAYLOR: Objection as to 8 form. 9 A I don't know. 10 Q Do you know who would know that? 11 A Maybe someone who produces the annual 12 statement. I don't know. 13 Q This document is entitled "New Issues 14 Apparently Financed by Present Policy Values." 15 Then says, "Presentation notes." 16 Do you know if these notes – this 17 is, in fact, notes used by someone in a 18 presentation? 19 A I don't know. 20 Q Do you have any information about a 21 specific presentation where these issues were 22 discussed? 23 A No. 24 Q Do you know if there was a 25 presentation or some type of – let's stick with a</p>
<p>1 DIRECT - TAYLOR 2 (Document titled "New Issues 3 Apparently Financed by Present Policy 4 Values" is received and marked Exhibit 5 Taylor 2 for identification.) 6 MR. BARTHOLOMAE: For the record, 7 what I have just marked as Taylor 2 is 8 Bates Number M109712990414 through 0420. 9 Q Is this a document you've seen 10 before? 11 A Doesn't look familiar. I don't 12 recall seeing this. 13 Q This isn't something you wrote, 14 right? 15 A No. 16 Q This document, the first page is an 17 introduction section, and says, there is some 18 bullet points underneath there: 19 "During the 1970s, the cash outflow 20 associated with the cash surrenders, policy loan 21 and dividend withdrawals increased significantly 22 at Metropolitan and throughout the industry. 23 "In 1980, at Metropolitan, the amount 24 involved in these transactions hit the one billion 25 dollar mark."</p>	<p>106</p> <p>1 DIRECT - TAYLOR 2 presentation to the field force where it was set 3 forth that a FIP reporting system is going to be 4 implemented at Metropolitan Life back in the early 5 '80s? 6 A I don't even know. Is that when this 7 was produced? No. 8 Q It refers to 1980. 9 A No, I don't know. 10 MS. TAYLOR: You don't know? 11 THE WITNESS: I don't know. 12 Q Would you look at page five at the 13 top. It's letter D, match cases section. 14 The third bullet point underneath 15 that section says: 16 "In the case of 'split commission 17 cases' – Do you see that? 18 A Yes. 19 Q – "only one representative and 20 office receive the match charge. This is the 21 Primary Writing Representative, identified as the 22 'Agent of Record' for servicing purposes." 23 Do you know who determined that only 24 the Primary Writing Representative would receive a 25 match in the case of a split commission as far as</p>

<p>1 DIRECT - TAYLOR 2 the FIP reporting system is concerned? 3 MS. TAYLOR: Objection as to form. 4 Lack of foundation. 5 MR. LABOVITZ: Join. 6 A No. 7 Q Do you know that that was, in fact, 8 the case at Metropolitan Life? 9 A What was? 10 Q That only the Primary Writing 11 Representative would be – 12 A Yes. 13 MS. TAYLOR: Let him finish the 14 question, because he just gave not even a 15 full question, I think. 16 Q The question was, was it, in fact, 17 the case, Metropolitan Life, only the Primary 18 Writing Representative would be identified with a 19 match in a split commission case in the FIP report 20 system? 21 A Yes. 22 Q Do you know what the purpose was of 23 only attributing a match to the primary writing 24 agent? 25 A I believe it was a system limitation,</p>	<p>109</p>	<p>1 DIRECT - TAYLOR 2 Q When you say there was a limitation 3 who you could match, what does that mean? 4 A There was limitation as to whether we 5 could split a match between multiple 6 representatives. The system had a limitation, one 7 match to one rep. We didn't have the ability to 8 take one match and split it among more than one 9 person. 10 Q Was it ever discussed that each rep 11 would be attributed with a match if two people 12 went and sold the policy? 13 MS. TAYLOR: Objection to form. 14 A Part of that problem was, the FIP 15 ratio was also dependent upon the placing number, 16 how many policies were placed. They didn't have 17 to take the policy and split it among multiple 18 people as well in order to get a ratio. 19 Q Which documents are you referring to 20 when you say you reviewed some documents that you 21 are basing your answer to that question on, 22 whether representatives had not made themselves 23 the primary writing agent in an attempt to 24 circumvent the FIP rate? 25 A I'm not sure what the number is, but</p>	<p>111</p>
<p>1 DIRECT - TAYLOR 2 that the system could only match it to one rep, 3 not split a half a match, half a match to you and 4 half a match to me, for example, if we were 5 involved in the sale. That's my recollection. It 6 was like system limitation. 7 Q Are you aware – did sales 8 representatives attempt to circumvent the FIP 9 reporting system by making them the second line 10 signer, not the primary writing representative? 11 A My review of documents, and it was 12 true, some representatives were using – making 13 themselves not the primary writing in order to 14 avoid receiving. 15 Q What was done by Metropolitan Life to 16 attempt to address that scenario? 17 MS. TAYLOR: Objection as to 18 form, foundation. 19 MR. LABOVITZ: Join. 20 Q Was anything done? 21 A I know there was nothing done with 22 the system. There would be a limitation on what 23 we could match and match. I don't know what was 24 done to the representatives that actually did this 25 kind of thing.</p>	<p>110</p>	<p>1 DIRECT - TAYLOR 2 there was documents there that talk about that 3 scenario, and as part of processing the 4 adjustments, the question came up. Our 5 explanation was, we couldn't split the matches 6 between multiple representatives. We had to split 7 the placement between them. It was a system 8 limitation. 9 Q Was any other type of system 10 implemented to attempt to correct this problem? 11 A I don't believe we were ever able to, 12 from what I recollect, charge a match to multiple 13 representatives of the FIP system. 14 Q Was it called fip or called FIP? 15 A Both. 16 Q On page six there is a section titled 17 "No-Match Cases." 18 It goes through various points here: 19 DIVIDEND WITHDRAWALS OF \$100 OR LESS. CHANGE 20 ALLOWANCES. TERM CONVERSIONS. UNIVERSAL LIFE 21 TERM CONVERSIONS. TEN-DAY FREE LOOK CASES. 22 LAPSED POLICY. INDUSTRIAL POLICIES. 23 Who determined at Metropolitan Life 24 which cases, which types of transactions would not 25 trigger a match?</p>	<p>112</p>

<p>1 DIRECT - TAYLOR 2 MS. TAYLOR: Objection as to form. I 3 think this was asked and answered before. 4 You can answer again. 5 A I don't know who decided on which 6 transactions would actually match or not match in 7 the system. 8 Q Looking at this list -- did you want 9 to say something else? 10 A No. 11 Q Looking at this list here, is there 12 anything else that you are aware of that would not 13 trigger a match, any other type of transaction 14 that's not on this list? 15 MS. TAYLOR: During what time 16 period? 17 Q During the time period when the FIP 18 system was in place. 19 A I have to take this list and compare 20 it to the documentation that happened in this 21 particular year this would not match. 22 Like I said, things change all the 23 time. I don't know when this thing was written. 24 I can't remember what was justifiable and what 25 wasn't, what did match and didn't match over a</p>	<p>113</p> <p>1 DIRECT - TAYLOR 2 before. 3 A As part of the preparation for the 4 deposition, yes. 5 Q Do you know why this document was 6 sent to the people I just mentioned, people in 7 those positions? 8 A It appears that someone was following 9 up on another memo he sent to the entire field 10 force and addressing something specifically to the 11 management level people. This is all management 12 level people here. 13 I don't know why he decided to send 14 this particular letter. This seems like a 15 follow-up to another letter. 16 Q The last paragraph on the first page 17 says: 18 "To further assist you, we are 19 developing a new quarterly 'Financed by In-Force 20 Policies' report summarizing each individual's 21 experience over the prior 12-month period." 22 Do you see that? 23 A Yes. 24 Q Do you know what the reason was for 25 developing this new type of FIP report? It says,</p>
<p>1 DIRECT - TAYLOR 2 particular period of time. 3 Q I guess what I'm asking, can you tell 4 by looking at this list, can you tell me if there 5 were any other types of transactions that you know 6 about sitting here today that would not trigger a 7 match which are not contained in this list? 8 MS. TAYLOR: Objection as to form. 9 A Not that I can recall, not by just 10 looking at this list. 11 (Memo, February 15, 1985, re: 12 Piggybacking and Replacement Business, to 13 Officers-in-Charge, and others, from J.P. 14 Maurer is received and marked Taylor 15 Exhibit 3 for identification.) 16 MS. TAYLOR: For the record and for 17 those of you in Pittsburgh, the Bates 18 number is M039811820053 through 054. 19 This is a February 15, 1985 letter 20 from Mr. Maurer to Officers-in-Charge, 21 Agency Vice Presidents, Regional Sales 22 Managers, Branch Managers and District 23 Sales Managers in the United States. 24 Q The first question I have for you, 25 Ms. Taylor, is whether you have seen this document</p>	<p>114</p> <p>1 DIRECT - TAYLOR 2 "We are developing a new quarterly..." 3 A Yes. 4 Q It says, "...to further assist you." 5 I want to know, what was the reason 6 why this new report was developed in 1985? 7 MS. TAYLOR: Objection to form. Lack 8 of foundation. 9 MR. LABOVITZ: Join. 10 A I don't know. Maybe this memo 11 outlined it here, why it did this. 12 Q In this letter, the subject of the 13 letter says, "Regarding piggybacking replacement 14 business, FIP reporting system." The question I 15 have, it is a reporting system that would monitor 16 piggybacking activity? 17 MS. TAYLOR: Objection as to form. 18 MR. LABOVITZ: Join. 19 A Yes. 20 Q What is the company definition of 21 piggybacking? 22 MS. TAYLOR: Objection as to form. 23 MR. LABOVITZ: Join. 24 A The same as the definition of 25 financing. The use of inforce values, premiums to</p>

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1 DIRECT - TAYLOR
 2 support the sale of new business as a method of
 3 selling.
 4 Q Piggybacking something that was
 5 contrary to company policy?
 6 MS. TAYLOR: Objection as to form.
 7 MR. LABOVITZ: Join.
 8 A Yes.
 9 Q On the second page of this document,
 10 last paragraph, second sentence, says:
 11 "Stress that there is no
 12 justification," underlined, "for circumvention of
 13 Replacement Business Rules through techniques such
 14 as piggybacking, and that it is completely
 15 unethical, unbusinesslike and dishonest."
 16 You see that? . . .
 17 A Yes.
 18 Q Is that something that was set forth
 19 in any Metropolitan Life manual or policy
 20 statement you are aware of?
 21 MS. TAYLOR: You are asking those
 22 identical words?
 23 MR. BARTHOLOMAE: Yes, or something
 24 to that effect.
 25 A Circumvention of the FIP reporting

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1 DIRECT - TAYLOR
 2 sale. The next sentence talks about, "No
 3 reference has ever been made to the use of a
 4 change allowance."
 5 First of all, what is a change
 6 allowance?
 7 A I'm not an expert on change
 8 allowances. Generally speaking, when someone
 9 changes from one plan of insurance to another,
 10 there is a calculation made, and some of the
 11 premium can be refunded back to the policyholder.
 12 That's my really broad definition of a change
 13 allowance.
 14 I know it involved the return of some
 15 dollar amount to the customer.
 16 Q Was this change allowance something
 17 that was included as a match category in the FIP
 18 report system?
 19 A I believe at some point in time, we
 20 looked at change allowances. I can't remember if
 21 it was automatically matched in the system or not.
 22 That happened later on, or it was something we
 23 looked at outside the system.
 24 Q Further down on this first page, last
 25 paragraph, the second sentence says:

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1 DIRECT - TAYLOR
 2 system. Mention of that was included in the
 3 manuals and that it was not an acceptable
 4 behavior. I don't specifically recall something
 5 in the manual as it spoke to the rewritten
 6 business, replacement business. I don't remember,
 7 because I dealt with FIP reporting business and
 8 not this replacement business.
 9 (Letter, Jim Flynn to Chuck
 10 Lavezzoli, October 25, 1985 is received and
 11 marked Taylor Exhibit 4 for
 12 identification.)
 13 MR. BARTHOLOMAE: For the record,
 14 the Bates number of this document is
 15 MP4011048809 through 44810. It's an
 16 October 25, 1985 letter from Jim Flynn to
 17 Chuck Lavezzoli.
 18 Q Have you ever seen this letter
 19 before?
 20 A I don't remember this.
 21 Q The first paragraph, there is a – it
 22 is written that:
 23 The FIP or the use of policy values
 24 for the financing of new insurance is related to
 25 the use of cash, loan, dividends as a method of

1 DIRECT - TAYLOR
 2 "With the assistance of the Auditing
 3 Division, we discovered in these branches that
 4 there is the frequent use of change allowances to
 5 finance universal life. While I have no facts to
 6 go on, I've been told this is a nationwide
 7 practice."
 8 The question I have, did Metropolitan
 9 Life do any analysis of change allowances to fund
 10 universal life policies to determine if it was a
 11 nationwide practice in the company?
 12 MS. TAYLOR: Objection as to form.
 13 A Not that I can recall. I remember
 14 the subsequent change allowances being discussed,
 15 but I don't know if we did something along a
 16 nationwide basis, or did we – I can't remember.
 17 Q Was it, in fact, a nationwide
 18 practice, as Mr. Flynn here suggests?
 19 MS. TAYLOR: Objection as to form.
 20 A I don't know that.
 21 (Letter, George Trotta to
 22 agency vice presidents, regional sales
 23 managers, branch managers and district
 24 sales managers dated November 25, 1985 is
 25 received and marked Taylor Exhibit 5 for

	121	1 DIRECT - TAYLOR 2 identification.) 3 MR. BARTHOLOMAE: We'll mark the 4 next document as Taylor Exhibit 5. The 5 Bates number of the document is 6 MLPH970200017008. It's a one-page 7 document, a letter from George Trotta to 8 agency vice presidents, regional sales 9 managers, branch managers and district 10 sales managers dated November 25, 1985. 11 MR. LABOVITZ: Is there another Bates 12 number? 13 MS. TAYLOR: JJ106652. 14 MR. BARTHOLOMAE: Thanks. 15 Q Have you seen this letter before, Ms. 16 Taylor? 17 A Doesn't seem familiar to me. I don't 18 recall seeing it. 19 Q Do you know who Mr. Trotta was? 20 A Yes. 21 Q In the last paragraph it says? 22 "Consideration is being given to 23 modifying the FIP system to report changed 24 transactions of this nature." And it's referring 25 to the, I guess, the prior sentence, the change	123
	122	1 DIRECT - TAYLOR 2 allowances we talked about earlier. 3 Do you know if the FIP system was, in 4 fact, modified to report these types of 5 transactions, as it is stated in this letter? 6 A I don't remember. 7 Q The next sentence talks about the 8 issue of addresses -- 9 A What? 10 Q "More immediately, we are advising 11 the Field Auditing staff to be alert to the 12 possible use of change allowances to finance new 13 business as well as the use of 'bogus' addresses 14 to avoid matches in the FIP system." 15 I believe we talked about that 16 before, the issue of the addresses. You had told 17 me that the FIP system was, in fact, changed to 18 detect these bogus addresses? 19 A No -- 20 MS. TAYLOR: Objection as to form. 21 MR. LABOVITZ: Join. 22 A Not bogus addresses. 23 The system was changed to look at 24 policies involved in a match or would normally be 25 involved in a match. When an address change came	124

<p>1 DIRECT - TAYLOR</p> <p>2 when this memo was written. I have no idea if the</p> <p>3 system was changed as a result of anything in</p> <p>4 here.</p> <p>5 Q Did Mr. Levine play any role in the</p> <p>6 relaxation of the FIP reporting system?</p> <p>7 A I'm having a little problem with</p> <p>8 "relaxation." What do you mean?</p> <p>9 Q In this memorandum, it keeps using</p> <p>10 the term "relaxed." In the first paragraph, first</p> <p>11 page it says, "The current policies can be</p> <p>12 relaxed."</p> <p>13 The last page, it talks about two</p> <p>14 suggested approaches: First, the rule should be</p> <p>15 relaxed incrementally. That's in the middle of</p> <p>16 the second paragraph.</p> <p>17 That's why I'm using the term</p> <p>18 "relaxed." It seems to be something used by</p> <p>19 people in the company. I could be wrong about</p> <p>20 that.</p> <p>21 MS. TAYLOR: Objection as to form.</p> <p>22 Q I'm just reading this from the</p> <p>23 memorandum.</p> <p>24 The question was whether Mr. Levine</p> <p>25 played any role in the relaxation of the FIP</p>	<p>125</p> <p>1 DIRECT - TAYLOR</p> <p>2 that they conserved the business for the company</p> <p>3 because the customer was about to leave the</p> <p>4 company, and in defense, in a defensive role, they</p> <p>5 say they shouldn't be penalized for matching the</p> <p>6 system.</p> <p>7 Q What was the system's policy?</p> <p>8 A My response back when I received this</p> <p>9 adjustment, I can't make a judgment call.</p> <p>10 Defensive replacements are not considered as</p> <p>11 adjustments.</p> <p>12 Q Was that something that was debated</p> <p>13 at the company, whether to allow defensive</p> <p>14 replacement or whether to not have defensive</p> <p>15 replacement trigger a match in the FIP reporting</p> <p>16 system?</p> <p>17 A It wasn't compatible with</p> <p>18 adjustments. There may be some documents that</p> <p>19 talk about defensive replacement and whether it</p> <p>20 should be adjustable situation or not. I don't</p> <p>21 believe it ever was.</p> <p>22 (Letter, November 11, 1987,</p> <p>23 memo to branch managers and district sales</p> <p>24 managers re Financed by Inforce Policies</p> <p>25 (FIP) is received and marked Taylor Exhibit</p>	<p>127</p>
<p>1 DIRECT - TAYLOR</p> <p>2 reporting system.</p> <p>3 MS. TAYLOR: Objection as to form.</p> <p>4 A I don't know.</p> <p>5 Q Was the FIP reporting system ever</p> <p>6 relaxed?</p> <p>7 A I don't know the system was ever</p> <p>8 relaxed or not. I know changes were made to the</p> <p>9 changes as we spoke about earlier.</p> <p>10 Q Prior to your preparation for this</p> <p>11 deposition, is this something you had seen before,</p> <p>12 this memorandum?</p> <p>13 A No.</p> <p>14 Q Do you know who this was distributed</p> <p>15 to?</p> <p>16 A No.</p> <p>17 Q Do you know if this was distributed</p> <p>18 at all?</p> <p>19 A No, I don't know.</p> <p>20 Q Have you ever heard the term</p> <p>21 "defensive replacement"?</p> <p>22 A Yes.</p> <p>23 Q What does that mean?</p> <p>24 A We would receive requests, adjustment</p> <p>25 request from the field where they were claiming</p>	<p>126</p> <p>1 DIRECT - TAYLOR</p> <p>2 for identification.)</p> <p>3 MR. BARTHOLOMAE: I'm marking the</p> <p>4 next document as Taylor Exhibit 7. It's a</p> <p>5 November 11, 1987 letter from Bob Crimmins</p> <p>6 to branch managers and district sales</p> <p>7 managers. Bates numbers are MO99731220748</p> <p>8 through 749.</p> <p>9 Q Is this the letter you were referring</p> <p>10 to earlier from Mr. Crimmins?</p> <p>11 A Yes.</p> <p>12 Q Is this something that you reviewed</p> <p>13 in preparation of the deposition?</p> <p>14 A Yes.</p> <p>15 Q What about before that? Had you ever</p> <p>16 seen this letter before?</p> <p>17 A Yes.</p> <p>18 Q Is this something that was</p> <p>19 distributed within the department where you</p> <p>20 worked?</p> <p>21 A Yes, because it had an impact on my</p> <p>22 job.</p> <p>23 Q What was the impact on your job or</p> <p>24 your department?</p> <p>25 A Processing the adjustments.</p>	<p>128</p>

	129		131
1	DIRECT - TAYLOR	1	DIRECT - TAYLOR
2	Q On the second page it says,	2	before or six months after.
3	"Effective for 1988." Do you see that? "The	3	Q That changed after?
4	amount of any management bonus will not be	4	A I don't believe that ever changed.
5	affected if the FIP ratio is below 15 percent,	5	Q Do you know why that changed?
6	i.e. the current rating scale will be eliminated."	6	MS. TAYLOR: Objection to form.
7	Do you see that?	7	MR. LABOVITZ: Join.
8	A Yes.	8	A I don't recall why. Not what the
9	Q Did that, in fact, take place at	9	effective date of this letter says, effective 1988
10	Metropolitan Life?	10	January, I don't believe it was implemented then.
11	A Yes.	11	I think it happened later on down the line.
12	Q Do you know what the basis was for	12	Q When did that happen?
13	making that decision?	13	A There is a document somewhere in that
14	A No, I don't.	14	group that speaks when that was gone. I believe
15	Q Do you know who would know that?	15	that was after I left the unit.
16	A No, I don't know who would know. I	16	Q After 1994?
17	would suspect Mr. Crimmins would know.	17	A Yes. I'm not sure. I seem to
18	Q Are you aware of any memoranda or any	18	recall, I wasn't there.
19	documents which discuss contemplation of this	19	Q "During 1988, we plan to experiment
20	policy, that the amount of any management bonus	20	in additional areas to determine the feasibility
21	will not be affected if the FIP ratio is below 15	21	of making further changes in the program." Do you
22	percent?	22	know what that's referring to, what experiments
23	(RECORD IS READ.)	23	that's referring to?
24	MR. LABOVITZ: Objection to form.	24	MS. TAYLOR: Objection as to form.
25	A I don't recall any memorandum	25	MR. LABOVITZ: Join.
	130		132
1	DIRECT - TAYLOR	1	DIRECT - TAYLOR
2	discussing contemplation of this happening. I	2	A I don't know what it means by that
3	don't recall that.	3	sentence.
4	Q Were any studies done which lead to	4	Q Do you know of anything in 1988 which
5	this policy being implemented at Metropolitan	5	was done in terms of an experiment?
6	Life?	6	A It might be what we were talking
7	MS. TAYLOR: Objection as to form.	7	about earlier.
8	MR. LABOVITZ: Objection as to form.	8	MS. TAYLOR: That's Exhibit Taylor 1.
9	A I don't know.	9	Q What was the result of the changes
10	Q Under number two, the next full	10	that are detailed in this letter by Mr. Crimmins?
11	paragraph that starts with:	11	MS. TAYLOR: Objection as to form.
12	"Our analysis of the FIP program	12	A What do you mean by "results"?
13	indicates that an extension in the match period	13	Q Did the FIP rate increase for the
14	for cash surrender transactions is appropriate.	14	company?
15	Effective with policies placed with January 1998	15	MS. TAYLOR: Which specific changes
16	issue dates such transactions will be recorded as	16	are you talking about? This talks about a
17	a match if the old policy is surrendered within	17	whole bunch of things.
18	six months before or 12 months after new issue."	18	MR. BARTHOLOMAE: Let's stick with
19	Do you see that?	19	the ones I went through.
20	A Yes.	20	Q The first one, talking about the
21	Q How is that different than the prior	21	management bonus not being effective, what was the
22	policy?	22	result of that change with respect to the FIP
23	MR. LABOVITZ: Objection to form.	23	ratios of branch managers?
24	MS. TAYLOR: Join.	24	MS. TAYLOR: Objection as to form.
25	A The match policy was six months	25	A I can't recall what the impact of

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1 DIRECT - TAYLOR
 2 those changes were. I would have to look at them
 3 and compare prior years to what happened after
 4 that.
 5 Q Do you recall generally if there was
 6 a result, not necessarily the specific numbers?
 7 A Generally, I don't recall whether
 8 they - it's hard to answer that question overall
 9 because some managers' numbers may have went up,
 10 some of them went down, some stayed the same. I
 11 don't remember overall what the impact of these
 12 changes had on the, on the company's FIP ratios.

13 Q Do you know whether branch managers'
 14 FIP ratio went down as a result of this change?

15 MS. TAYLOR: Objection as to form.

16 Asked and answered.

17 MR. LABOVITZ: Join.

18 A No, I don't recall specifically the
 19 numbers went down or up.

20 MS. TAYLOR: Objection as to form

21 (Letter to officers-in-charge,
 22 re: FIP program, January 18, 1988, from
 23 Robert J. Crimmins is received and marked
 24 Taylor Exhibit 8 for identification.)

25 MR. BARTHOLOMAE: The court reporter

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1 DIRECT - TAYLOR
 2 Q You say "somewhat optional"?

3 A Yes.

4 Q How is that?

5 A I don't think that everyone had to
 6 participate in the experiments if they didn't want
 7 to.

8 Q Are you saying it was up to the
 9 region whether they wanted to participate?

10 MS. TAYLOR: Objection as to form.

11 A Yes.

12 Q Who made the determination whether
 13 the region would choose to participate in the
 14 experiment?

15 A I'm not sure. I know who made the
 16 decision. This memorandum is basically saying he
 17 left it up to the officers in charge to announce
 18 these experiments. I guess they could choose to
 19 announce them or not announce them.

20 Q You said it was optional whether the
 21 region wanted to participate in the experiment.

22 What I want to know, who made the
 23 decision whether the region would participate?
 24 For example, was it the officer in charge of the
 25 territory that would say, this region is going to

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1 DIRECT - TAYLOR
 2 has marked this next document as Taylor 8,
 3 and it is a January 8, 1988 letter from Mr.
 4 Crimmins to officers in charge, bearing the
 5 Bates Number MLPH 0013687 through 688.
 6 ML001149 through 50 is the other
 7 name.

8 Q Have you had a chance to review this
 9 document?

10 A Yes.

11 Q Is this something you have seen
 12 before?

13 A As part of the preparation for this
 14 deposition.

15 Q What about prior to that?

16 A No.

17 Q Was your department made aware that
 18 FIP experiments were being conducted in 1988?

19 A Yes.

20 Q How were you made aware?

21 A I don't remember exactly what vehicle
 22 was used. Frank Dochniak, who I reported to, told
 23 me what the experiments were and what regions were
 24 participating in these experiments. I think the
 25 experiments were somewhat optional.

1 DIRECT - TAYLOR

2 participate, this one isn't, or was it the head of
 3 the region who would say, my region is not going
 4 to participate?

5 A It's my recollection the officer in
 6 charge of the territory would be involved in
 7 selecting the regions that could participate in
 8 the program. It was still up to that region if
 9 they wanted to participate in the program.

10 Q Who was it in the region itself that
 11 would determine whether they would participate in
 12 the program?

13 A The regional vice president.

14 (March 1, 1988 letter from Mr.
 15 Schroeder to Harold Leff is received and
 16 marked Taylor Exhibit 9 for
 17 identification.)

18 MR. BARTHOLOMAE: Taylor 9 is a
 19 one-page letter from Mr. Schroeder dated
 20 March 1, 1988 to Harold Leff,
 21 M039841420144.

22 Q Do you know who Mr. Schroeder was?

23 A Yes.

24 Q Who is he? What was his job at the
 25 company?

1 DIRECT - TAYLOR
 2 A He was involved in the Compensation
 3 Department.
 4 Q We talked about the Compensation
 5 Department a couple times in the deposition.
 6 What was his job in the Compensation
 7 Department?
 8 A I don't know what his job was. I
 9 just know he worked there, and he was a management
 10 level person.
 11 Q Is this letter something you have
 12 seen before?
 13 A As part of the preparation for my
 14 deposition.
 15 Q What about prior to that?
 16 A No.
 17 Q In the third paragraph it says:
 18 This is referring to communication
 19 from Bob Crimmins, talking about the elimination
 20 of endowments within the final three years as a
 21 match in the FIP system. The basic reason for
 22 communication was to point out new ways to earn
 23 first-year commissions. "It seems to me that our
 24 strong policy against replacement business may be
 25 eroding with letters like this."

1 DIRECT - TAYLOR
 2 Pritchard. The Bates number is
 3 M099730930027. The subject line says,
 4 "Great news: Dividend withdrawals without
 5 FIP."
 6 Q Do you know who Al Pritchard was?
 7 A No.
 8 Q Have you ever seen this before?
 9 A No, not that I can recall.
 10 Q Was there any time when you could
 11 make a dividend withdrawal without triggering a
 12 FIP match?
 13 A If the dividend withdrawal was less
 14 than \$100.
 15 Q Go ahead.
 16 A No. You go.
 17 Q I was actually referring to the
 18 dividend withdrawal over \$100. Was that ever a
 19 case, with respect to the FIP reporting system, a
 20 dividend withdrawal over \$100 would not trigger a
 21 FIP match?
 22 A Yes. There came a point in time
 23 where we learned that Mr. Crimmins had announced
 24 to the field, dividends would not be a match in
 25 the FIP system.

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1 DIRECT - TAYLOR
 2 Is this something considered by the
 3 company, that the changes in the FIP system were
 4 eroding the company's policy with respect to
 5 replacement business?
 6 MS. TAYLOR: Objection as to form.
 7 MR. LABOVITZ: Objection as to form.
 8 A I was reading it as you were reading
 9 it, and I didn't get the exact same impression
 10 that you did.
 11 It appeared to me, he was referring
 12 to the fact that announcement was made with
 13 respect to endowments and how they were handled in
 14 the FIP system, and says, "Along those same lines,
 15 we also decided to eliminate these cases from the
 16 replacement business rules," and my take was, the
 17 rest of this memorandum was speaking to how it
 18 impacted the replacement rules, not the FIP
 19 system.
 20 (Memo, Al Pritchard to all
 21 sales reps, is received and marked Taylor
 22 Exhibit 10 for identification.)
 23 MR. BARTHOLOMAE: The court reporter
 24 has marked this next document as Taylor 10.
 25 It's a memo to all sales reps from Al

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1 DIRECT - TAYLOR
 2 Q When was that?
 3 A Around January 1989.
 4 Q What was the reason for that policy
 5 change?
 6 MS. TAYLOR: Objection to form. Lack
 7 of foundation.
 8 MR. LABOVITZ: Objection to form.
 9 A I don't know.
 10 Q Do you know who would know that?
 11 A Maybe Mr. Crimmins.
 12 MS. TAYLOR: I just want to make
 13 something clear. Was that company-wide or
 14 in certain areas?
 15 THE WITNESS: Southern territory.
 16 Q Why was the southern territory
 17 chosen?
 18 MS. TAYLOR: Objection to form. Lack
 19 of foundation.
 20 MR. LABOVITZ: Join.
 21 A I don't know.
 22 Q Something that Mr. Crimmins might
 23 know as well?
 24 A Yes.
 25 MS. TAYLOR: Objection to form.

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1 DIRECT - TAYLOR
 2 Calls
 3 for speculation.

4 Q Did you say, "Yes?"
 5 A He may know.

6 (Letter, September 30, 1988,
 7 Rudolph Michael to the agency vice
 8 presidents and regional sales managers,
 9 southeastern territory is received and
 10 marked Taylor Exhibit 11 for
 11 identification.)

12 MS. TAYLOR: We marked Taylor Exhibit
 13 11. The Bates number is MP4011004273
 14 through 04274. Also MLPH870301006222 and
 15 6233.

16 This is a September 30, 1988 letter
 17 from a person whose name I can't read, but
 18 he is a senior vice-president of the
 19 southern head office, from Ruddy Mitchell
 20 to agent vice presidents and regional sales
 21 manager, southern sales territory.

22 Q I want to ask you if this is
 23 something you have seen before.

24 A Not that I can recall.

25 Q I want to ask specifically about the

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1 DIRECT - TAYLOR
 2 identification.)

3 MR. BARTHOLOMAE: I will mark this
 4 next group of pages as Taylor 12, and the reason I
 5 say "group of pages," because I attached a page at
 6 the back which is really a blown-up version of the
 7 second page, which is easier to read.
 8 The Bates numbers are M099714950048.
 9 There is an MN099270 and then going back to the
 10 original Bates number M099714950054.

11 This is a December 13, 1998 letter
 12 from Mr. Dochniak to Mr. Leff regarding FIP
 13 experiments, and I have attached something that
 14 was attached to it which referred to the
 15 Pittsburgh region, which was a larger document.
 16 I'm concerned with the Pittsburgh region. I
 17 attached a blown-up version of it, a more readable
 18 version of it as well.

19 Q Mr. Dochniak, he was your boss at
 20 that time?

21 A Yes.

22 Q On that first page it says, "50/50
 23 Dividend Experiment," the first page of the
 24 exhibit.

25 See that, towards the bottom?

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1 DIRECT - TAYLOR

2 last paragraph in this letter. It says:
 3 "Let's make the most of our
 4 opportunities, and increase our share of the
 5 market. If our FIP ratio raises up to 15 percent,
 6 so be it."

7 See that?

8 A Yes.

9 Q Is this something that was taking
 10 place in the company at the time where the vice
 11 presidents of the company had an attitude, if the
 12 FIP ratio raised up to 15 percent, then so be it?

13 MS. TAYLOR: Objection. Lack of
 14 foundation, compound question, and I think
 15 there are a number of other objections in
 16 there.

17 A I don't know.

18 Q Are you aware of any other letters
 19 like this that talk about so be it if the FIP
 20 ratio goes up?

21 MS. TAYLOR: Objection as to form.

22 A No, I don't remember.

23 (December 13, 1988 letter, re:
 24 FIP experiments, Frank Dochniak to Harold Leff is
 25 received and marked Taylor Exhibit 12 for

1 DIRECT - TAYLOR

2 A Yes.

3 Q It refers specifically to Pittsburgh,
 4 and says:

5 "While four regions were designated
 6 to participate, it appears Pittsburgh was the only
 7 region to fully engage in the experiment. The
 8 regions production results are less favorable than
 9 the territory and there has been a 45 percent
 10 increase in the FIP. In the remaining regions,
 11 production ratios are mixed and the FIP ratios
 12 remained essentially flat."

13 The first question I have, is this
 14 something the company was made aware of, that the
 15 Pittsburgh region had a 45 percent increase in the
 16 FIP as a result of the 50/50 dividend experiment
 17 in that region?

18 MS. TAYLOR: Objection to form. Lack
 19 of foundation.

20 MR. LABOVITZ: Join.

21 A I'm not exactly sure when you say
 22 "the company."

23 Q That's a good point. I'll clarify
 24 that.

25 Was this something conveyed to, say,

	145		147
1	DIRECT - TAYLOR	1	DIRECT - TAYLOR
2	the president of the company, that an experiment	2	Q Do you know who would know that?
3	was done in Pittsburgh, and there was a 45 percent	3	A No.
4	increase in the FIP?	4	(Letter, Michael Levine to Ed
5	MS. TAYLOR: Objection as to form.	5	Morrissey, March 26 1990 is received and
6	MR. LABOVITZ: Join.	6	marked Taylor Exhibit 13 for
7	A I don't know.	7	identification.)
8	Q Do you know who was informed of the	8	MR. BARTHOLOMAE: The court reporter
9	results of the FIP experiment, the 50/50 Dividend	9	just marked this next document Taylor 13.
10	Experiment in Pittsburgh?	10	The Bates numbers are MP4011003832 through
11	A Obviously, Mr. Leff and Mr. O'Leary.	11	833. It is a March 26, 1990 letter from
12	I don't know who else got a copy of this memo.	12	Mr. Levine to Mr. Ed Morrissey.
13	Q Other than the 45 percent increase in	13	Q First question I have is, do you know
14	FIP, were there any other effects of the 50/50	14	who Mr. Morrissey is?
15	dividend experiment in the Pittsburgh region?	15	A No, I don't.
16	MS. TAYLOR: Objection as to form.	16	Q Never heard that name before?
17	MR. LABOVITZ: Objection as to form.	17	A No.
18	MS. TAYLOR: Lack of foundation.	18	Q Says here, he's the senior manager of
19	A Other what?	19	Deloitte & Touche.
20	Q Effects. Other than the FIP	20	The question I have is, what, if any,
21	increasing by 45 percent, was there anything else	21	relationship did Deloitte & Touche have with
22	that happened as a result of conducting the	22	monitoring the FIP system at Metropolitan Life?
23	experiment in the Pittsburgh region?	23	A I don't know.
24	A I don't know.	24	Q Did you ever work with them when you
25	Q Can you look at the last page, the	25	were working in the department?
	146		148
1	DIRECT - TAYLOR	1	DIRECT - TAYLOR
2	larger version of the Pittsburgh, PA section which	2	A I can't recall.
3	was attached to this report. There is some	3	Q Was an audit ever done of the FIP
4	numbers in that section.	4	reporting system?
5	I was wondering if you could	5	A Not that I can recall, while I was
6	interpret those for me or tell me what's being	6	involved in it.
7	enumerated or described there.	7	(Document titled "Financed by
8	MS. TAYLOR: Objection as to form.	8	Inforce Policies Program," July 12, 1990 is
9	Lack of foundation.	9	received and marked Taylor Exhibit 14 for
10	You haven't even established the	10	identification.)
11	witness prepared this document.	11	MR. BARTHOLOMAE: The court reporter
12	A I don't know what number you are	12	just marked this next document Taylor 14,
13	talking about.	13	and the Bates numbers are MP9553004402
14	Q It looks like it says, "Year-to-date	14	through 44112 and a second set,
15	October 1988, '87."	15	MP9365004401 through 4411.
16	I wonder if you can tell me that's	16	Q The first question I have, what was
17	referring to.	17	the purpose of this document being created?
18	A I don't know what those numbers mean.	18	MS. TAYLOR: Objection as to form.
19	Q Do you know what PLI premium refers	19	Lack of foundation.
20	to?	20	MR. LABOVITZ: If I can interrupt for
21	A Not in the context of this memo.	21	a moment. Is there another Bates range?
22	Q What about NSC?	22	Your list of Bates ranges for FIP
23	A I know what the abbreviation stands	23	deposition topics. Your MP range stops at
24	for, net sales credit. I don't know what it means	24	9365 number.
25	in the context of this memo.	25	MS. TAYLOR: This is a 9365 number.

<p>1 DIRECT - TAYLOR 2 Q The question is, what was the purpose 3 of the creation of this document? 4 MS. TAYLOR: Objection as to form. 5 Lack of foundation. 6 A I don't recall. I don't know. 7 Q Have you ever seen this before? 8 A I don't recall seeing this before. 9 Q Have you ever seen a report in this 10 format before? 11 MS. TAYLOR: Objection as to form. 12 Q Is this something done every year in 13 the company, a FIP program analysis or something 14 to that effect? 15 A No. In this format, no. 16 Q Would you look at page three, three 17 on the bottom. Says: 18 "FIP Experiments. "As a result of 19 discussions during the November 1987 OIC meeting, 20 two experiments were introduced in January of 21 1988." 22 Do you know who was present at that 23 meeting in 1987, the OIC meeting? 24 A No, but - I'm reviewing the 25 documents we just read. I believe the document</p>	<p>149</p>	<p>1 DIRECT - TAYLOR 2 Q Is that something he was supposed to 3 do? 4 MS. TAYLOR: Objection as to form. 5 Lack of foundation. 6 A I really don't know what his 7 responsibilities were. 8 (February 8, 1991 letter, 9 Robert Crimmins to Messrs. Cannatella, 10 Martin, Michaud, Peress is received and 11 marked Taylor Exhibit 15 for 12 identification.) 13 MR. BARTHOLOMAE: The court reporter 14 has marked this next document as Taylor 15. 15 It's a one-page letter from Robert Crimmins 16 to Messrs. Cannatella, Martin, Michaud and 17 Peress, dated February 8, 1991. The Bates 18 number is MP4011105584. 19 Q Ms. Taylor, have you seen this letter 20 before? 21 A I don't recall seeing this letter. 22 Q Please take a minute and review this. 23 I have some questions about it. 24 (WITNESS PERUSES DOCUMENT.) 25 Q First paragraph is referring to</p>	<p>151</p>
<p>1 DIRECT - TAYLOR 2 stated Mr. Crimmins said in a meeting we had, he 3 at least was in attendance. I don't know about 4 anyone else. 5 Q You've never seen this report before; 6 is that right? 7 A No. I don't recall that report. 8 Q Do you know who Mr. O'Leary is? 9 A Yes. 10 Q What did he do? 11 MS. TAYLOR: At the time of this 12 memo? 13 MR. BARTHOLOMAE: Yes. 14 A I reported to Frank Dochniak in the 15 chain. Frank Dochniak reported to Art O'Leary. 16 Art was also my boss. 17 Q What was Mr. O'Leary's position in 18 the company at that time? 19 A I believe he was assistant vice 20 president. He was working in product planning. 21 Q Was it Mr. O'Leary's job to perform 22 analysis of the FIP reporting system? 23 A I wouldn't say it was his job, but he 24 could request that others assist him in preparing 25 a memorandum of this type.</p>	<p>150</p>	<p>1 DIRECT - TAYLOR 2 figures for the year by region. Mr. Crimmins is 3 saying he is disappointed in the figures. 4 Do you know what figures they were? 5 MS. TAYLOR: Objection as to form. 6 Q Maybe a better question is: In 1991, 7 do you know what the FIP rate of the company was? 8 A No. 9 Q The first paragraph of this letter, 10 the second to last sentence says, "My immediate 11 reaction is to deny or substantially reduce 12 bonuses for regional executives where the FIP 13 ratio exceeded some level, such as 20 percent." 14 Was a policy like that ever 15 implemented at Metropolitan Life, where it would 16 reduce bonuses for regional executives if they had 17 a FIP rate in their region? 18 MS. TAYLOR: Objection as to form. 19 MR. LABOVITZ: It calls for 20 speculation. 21 A I don't recall a policy being set as 22 you described. 23 (Documents entitled "System 24 Requirements Documentation," April 17, 1991 25 are received and marked Taylor Exhibit 16</p>	<p>152</p>

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155

1 DIRECT - TAYLOR

2 for identification.)

3 MS. TAYLOR: The court reporter
 4 marked this next document as Taylor 16.
 5 For the record, the Bates numbers are
 6 M10973300069 through 75. This is titled
 7 "SCN-OF-FIP System Requirements
 8 Documentation," annotated April 17, 1991.

9 Q The first question I have is, what
 10 was the "SCN-OF-FIP" System?

11 A I don't think there ever was a
 12 SCN-OF-FIP System. I think there was some
 13 discussion about making some changes on the FIP
 14 system, and those discussions were characterized
 15 as SCN-OF-FIP."

16 Q Do you know who came up with the name
 17 SCN-OF-FIP?"

18 A No, I don't remember.

19 Q This was something that was never
 20 implemented?

21 A Not that I can remember.

22 Q Do you know generally what the
 23 differences were that were contemplated?

24 A I would have to read the document in
 25 detail.

1 DIRECT - TAYLOR

2 that happened or not.

3 Q Is that something that was addressed
 4 by the company, as far as you talked before, there
 5 was an issue of primary writing agent, there was
 6 an issue with address changes? Was this also
 7 something that was addressed in the formulation of
 8 the FIP match policy at Metropolitan Life?

9 MS. TAYLOR: Objection as to form.
 10 MR. LABOVITZ: Objection as to form.

11 A I think we spoke before about
 12 splitting of FIP matches among more than one
 13 representative. I'm thinking, this is what this
 14 is referring to.

15 Q I'm referring specifically where it's
 16 talking about retired sales representatives
 17 attributed with a match. It says here: "who,
 18 since he is retired, is not very concerned with
 19 the FIP charge".

20 Is that something that came to light
 21 in the company, that representatives were using
 22 retired sales representatives to take the FIP
 23 match for one of their sales?

24 A I had no knowledge of that.
 25 (November 8, 1993 letter, Mr.

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1 DIRECT - TAYLOR

2 (Letter, September 3, 1993,
 3 T.J. McHale to Michael Levine, re: FIP is
 4 received and marked Taylor Exhibit 17 for
 5 identification.)

6 MR. BARTHOLOMAEI: The court reporter
 7 has marked this next document Taylor 17:
 8 One-page letter from Mr. or Ms. McHale to
 9 Mike Levine dated September 3, 1993. The
 10 Bates number is M069701171327.

11 Q First, Ms. Taylor, have you seen this
 12 letter before?

13 A I don't remember.

14 Q This letter, in the third paragraph,
 15 refers to commission splits where the FIP charge
 16 goes to a retired sales representative.

17 A I stand corrected. It seems I recall
 18 seeing this memo as part of my preparation for
 19 this deposition. I started reading it.

20 Q Did this, in fact, occur, where a
 21 representative would contact a retired sales
 22 representative, and that sales representative
 23 would be charged with the FIP match on a
 24 commission split?

25 A I would have no way of knowing if

1 DIRECT - TAYLOR

2 Vranka to Mr. Shoop, re: Targeted market
 3 conduct examination is received and marked
 4 Taylor Exhibit 18 for identification.)

5 MR. BARTHOLOMAEI: The court reporter
 6 just marked this next document Taylor 18:
 7 One-page letter from Mr. Vranka dated
 8 November 18 1993 to Mr. Shoop of the
 9 Pennsylvania Department of Insurance, Bates
 10 number ML078187.

11 Q The first question I have, let me ask
 12 you if you have seen this before.

13 A I recall seeing this during my
 14 preparation.

15 Q Did the company, Metropolitan Life,
 16 provide a FIP report or FIP information to the
 17 Pennsylvania Department of Insurance in connection
 18 with a market economic examination in 1993?

19 MS. TAYLOR: Objection as to form.
 20 Lack of foundation.

21 MR. LABOVITZ: Join.

22 A I'm reading this document, and it
 23 appears it is saying that enclosed are -- this is
 24 Item Number 3? Item Number 4, document showing
 25 the distribution of FIP report.

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1 DIRECT - TAYLOR
 2 Q What I'm asking about specifically is
 3 whether actual reports were provided to the
 4 Pennsylvania Insurance Department in connection
 5 with the market economic examination.

6 A I don't know.
 7 (December 17, 1993 letter,

8 McHale to Crimmins is received and marked
 9 Taylor Exhibit 19 for identification.)

10 MR. BARTHOLOMAE: The court reporter
 11 has marked this next document as Exhibit
 12 19. It is a one-page letter from again
 13 someone with the last name McHale dated
 14 September 17, 1993 to Mr. Crimmins
 15 regarding FIP experiment. Bates number is
 16 M039809620027.

17 Q Ms. Taylor, take a minute and look
 18 this over.

19 (WITNESS PERUSES DOCUMENT.)

20 Q This document refers to yourself?

21 A Yes.

22 Q It says here that you performed a
 23 search for files concerning FIP experiments.

24 Do you see that?

25 A Yes.

159

1 DIRECT - TAYLOR
 2 Q Do you remember having a conversation
 3 with Mr. McHale about this?

4 A I don't remember a conversation.

5 Q Do you remember doing a search with
 6 Mr. Dochniak regarding the FIP experiment, as
 7 described in this letter?

8 A No. Frank Dochniak was in New York,
 9 and I was in Bridgewater, New Jersey. I don't
 10 remember searching for results of the experiment.
 11 I don't believe I had much in the way of the
 12 experiment. I'm not sure what he's asking,
 13 talking about here I couldn't find. It's obvious
 14 I had information later on. I'm not sure exactly
 15 what Tom was asking me specifically, if he did
 16 speak to me.

17 Q Do you know who John Christopher is?

18 A The name sounds familiar. He is
 19 someone in the field chain at the regional sales
 20 office level, I think.

21 Q Did you do any investigation or
 22 perform any investigation into the FIP experiment
 23 being conducted in Pittsburgh?

24 MS. TAYLOR: Objection as to form.

25 A No.

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1 DIRECT - TAYLOR

2 Q It says, referring to you, that you
 3 and Mr. Dochniak believe the files were discarded
 4 as a result of the, quote/unquote, clean-up prior
 5 to a relocation to Bridgewater prior to the
 6 clean-up prior to the Baldridge site visit.

7 What is that referring to when it
 8 says "clean-up"?

9 A I'm not sure what he's referring to,
 10 but there came a time in 1992 when I moved from
 11 the New York Home office to Bridgewater, New
 12 Jersey location, and we packed up our files, and
 13 we moved them to a new location.

14 Q This is just talking about a move?

15 A Yes.

16 MR. LABOVITZ: Objection to form.

17 MS. TAYLOR: Objection to form.

18 A I don't know what he's talking about.

19 Q Do you know who this McHale person
 20 is?

21 A Yes.

22 Q Man or woman?

23 A Man.

24 Q What's his name?

25 A Tom.

160

1 DIRECT - TAYLOR

2 Investigation?

3 Q It says here - I'll rephrase that.

4 Do you know who Bob Scott is?

5 A To the best of my recollection, Bob
 6 Scott was someone who worked in the compensation
 7 unit.

8 Q Do you recall anything about these
 9 missing files? It says at the bottom, "If any
 10 other information is gathered or files discovered,
 11 I will immediately get it to you."

12 MS. TAYLOR: Objection as to
 13 form.

14 A I don't know about files missing in
 15 the first place, so no.

16 Q In the second to last paragraph,
 17 right above the sentence I just read you, it's
 18 referring to a pilot program.

19 Have you heard that term before,
 20 "pilot program"?

21 A I believe that's the same program we
 22 have been speaking about earlier in Pittsburgh.

23 Q Same as the experiment?

24 A Yes.

25 Q Later on, that sentence says, "The

	161		163
1 DIRECT - TAYLOR		1 DIRECT - TAYLOR	
2 program ran in Pittsburgh region for one and a		2 (WITNESS PERUSES DOCUMENT.)	
3 half years."		3 Q Have you seen this before?	
4 Is that, in fact, correct?		4 A Yes.	
5 A Somewhere around there.		5 Q Did you write this letter?	
6 (Letter, April 25, 1994,		6 A Yes.	
7 Stadler to Savarese, re: Inclusion of UL		7 Q What was the purpose of this letter?	
8 II data into the FIP system is received and		8 A The purpose of this letter was to	
9 marked Taylor Exhibit 20 for		9 inform Greg Doby, who was my boss at the time, a	
10 identification.)		10 transaction that I believed was not being reported	
11 MR. BARTHOLOMAE: The court reporter		11 to the FIP system, which were 1035 exchanges	
12 has marked this next exhibit as Taylor 20.		12 involving new UL II contracts.	
13 Bates number is M059700960612, a letter		13 Q What was the reason for reporting	
14 from George Savarese to D.M. Stadler,		14 that to Mr. Doby?	
15 entitled "Inclusion of UL II Data into the		15 A I reported to him. I reported to him	
16 FIP System."		16 at the time, as well as there was a transition	
17 Q The question I have is, was UL II		17 process going on between my involvement in the FIP	
18 ever included in the FIP calculation?		18 system and my turning that responsibility over to	
19 A It's my recollection that it was		19 Mike Rigby, R-i-g-b-y.	
20 included.		20 Q What I meant was, why was it	
21 Q When was that?		21 necessary to report this information to Mr. Doby	
22 A I don't remember the date, but I		22 about a transaction that you didn't think was	
23 believe there is documents that include a date		23 being covered by the FIP system?	
24 that the UL II policy was included.		24 A Because I felt it was important that	
25 Q Do you know how long after the		25 someone know, knew, what's not being included and	
	162		164
1 DIRECT - TAYLOR		1 DIRECT - TAYLOR	
2 introduction of the UL II that it became included		2 what impact it may have on the FIP ratio if it was	
3 in the FIP system?		3 included.	
4 MS. TAYLOR: Objection as to form.		4 Q Is this something that should have	
5 A I don't remember when the UL II was		5 been included in the FIP system?	
6 introduced. I'm sure there is documents over		6 MS. TAYLOR: Objection as to form.	
7 there.		7 It calls for speculation.	
8 Q Are any of those documents documents		8 MR. LABOVITZ: Objection as to form.	
9 you can identify?		9 A It was my thought that these	
10 A No.		10 transactions should be included in the FIP system.	
11 (Letter, Ms. Taylor, July 11,		12 Q It says here on the second page at	
12 1994, to Mr. Doby is received and marked		13 the top:	
13 Taylor Exhibit 21 for identification.)		14 "It is important to remember that the	
14 MR. BARTHOLOMAE: The court reporter		15 adjusted FIP ratios are understated since they do	
15 has marked this next document Taylor 21,		16 not include dividend withdrawals, loans, or	
16 and it's a two-page document signed by Ms.		17 partial ULI surrenders used to fund new UL II	
17 Taylor dated July 11, 1994 to Mr. Doby, and		18 policies."	
18 the Bates numbers of M059700960876 and 877.		19 Q Is that what you are referring to	
19 Q Ms. Taylor, I assume you've seen this		20 when you are saying something not recorded by the	
20 document before?		21 FIP system?	
21 A Yes.		22 A No. I was talking about -	
22 Q What was the purpose of this		23 Q 1035 exchanges?	
23 document?		24 A - 1035 exchanges.	
24 A I'm going to read it again. It's		25 Q What is this referred to here?	
25 been a while.			

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1 DIRECT - TAYLOR
 2 A I believe this refers to the UL II
 3 policies not being matched in the FIP system.
 4 Q You are writing to Mr. Doby about
 5 that?

6 A I basically -- I guess it's included,
 7 that statement, to let him know. I don't think
 8 it's the first time he knew.

9 (Memo from IPCSTF to IPDON,
 10 5/2/95 is received and marked Taylor
 11 Exhibit 22 for identification.)

12 MR. BARTHOLOMAE: The court reporter
 13 has just marked this next two-page document
 14 as Exhibit Taylor 22. The Bates numbers
 15 are M119733020672 and 673. The subject is
 16 FIP on SAMS and MSAM.

17 Q Is this something you have seen
 18 before?

19 A I believe I saw it in my preparation
 20 for this meeting, but I don't recall seeing it
 21 prior to that.

22 Q Do you know what the purpose of this,
 23 looks like an e-mail, is?

24 MS. TAYLOR: Objection as to form.
 25 Lack of foundation.

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1 DIRECT - TAYLOR
 2 Q Is that a no?
 3 A No.
 4 (Letter, June 7, 1995,
 5 Fielhauer to Stadler is received and marked
 6 Exhibit Taylor 23 for identification.)
 7 MR. BARTHOLOMAE: The court reporter
 8 has marked this document as Taylor 23. The
 9 Bates numbers are M119733020059 through
 10 062. It is a June 7, 1995 letter from Mr.
 11 Fielhauer, Director of the Corporate Ethics
 12 and Compliance Department, to Mr. Stadler,
 13 entitled "FIP System Enhancements."

14 Q Ms. Taylor, have you seen this
 15 document before?

16 A I may have seen it in my preparation
 17 for this deposition.

18 Q Can you tell me why this document was
 19 generated?

20 MS. TAYLOR: Objection as to form.
 21 Lack of foundation.
 22 MR. LABOVITZ: Join.
 23 A No, I cannot. No.
 24 Q Who was responsible for any analysis
 25 of the MSAM system or FIP system with respect to

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1 DIRECT - TAYLOR
 2 A No.
 3 Q Were there any discussions or
 4 memoranda exchanged at Metropolitan Life regarding
 5 differences between the MSAM system and the FIP
 6 reporting system?
 7 A I remember seeing some memorandum and
 8 documents in preparing for this deposition. All
 9 this appears to be taking place after I wasn't
 10 involved in the FIP system anymore.

11 Q Is that around the time the MSAM
 12 system replaced the FIP system or the FIP system
 13 evolved into the MSAM system?

14 MS. TAYLOR: Objection as to form.

15 A I can't remember. It obviously
 16 hadn't taken place yet. It looks like that might
 17 be the discussions that was beginning.

18 Q I know I asked you earlier about the
 19 date when the FIP system ended and the MSAM system
 20 took over.

21 I was wondering if this helped you
 22 determine that or refreshed your recollection at
 23 all as to when that happened.

24 MS. TAYLOR: Objection as to form.
 25 A (No verbal response)

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1 DIRECT - TAYLOR
 2 its replacement of possible FIP reporting system?
 3 MS. TAYLOR: Objection to form.
 4 MR. LABOVITZ: Lack of foundation.
 5 A When I left the unit, the FIP
 6 reporting system became the responsibility of Mike
 7 Rigby. Mike Rigby was involved in the creation of
 8 the EMSAM system.
 9 Q Do you know who Thomas Fielhauer is?
 10 A Yes.
 11 Q Who is he, besides being the director
 12 of the individual life insurance ethics and
 13 compliance?
 14 A That's him. He worked in the
 15 southern territory and worked for Don Stadler, who
 16 he was writing to.
 17 Q On the first page, where it says
 18 "General overview," there is four bullet points
 19 there.
 20 Can you tell me, I don't want to read
 21 through each one out loud, can you tell me if
 22 these were actually implemented at Metropolitan
 23 Life?
 24 MS. TAYLOR: Objection as to form.
 25 Lack of foundation.

1 DIRECT - TAYLOR
 2 A I don't know if these are
 3 recommendations. I can't tell you.
 4 Q Do you know who would know that?
 5 A Probably Mr. Rigby.
 6 Q This letter is dated in 1995.
 7 You didn't work in that department
 8 anymore, right?
 9 A No, I didn't.
 10 (RECESS TAKEN)(AFTER RECESS)
 11 MR. BARTHOLOMAE: I don't have any
 12 further questions. Thank you.
 13
 14 CROSS-EXAMINATION BY MR. LABOVITZ:
 15 Q It's been a long day for you, so I'll
 16 keep this short.
 17 My name is Bill Labovitz, and we met
 18 briefly this morning. We represent, my firm and
 19 I, represent Gary Antonino. As I said, a couple
 20 questions for you.
 21 Isn't it true that the 15-percent FIP
 22 rate, or ratio, that we discussed today was an
 23 internal guideline?
 24 A Internal guideline for what? I don't
 25 understand your question.

1 DIRECT - TAYLOR
 2 Q There is no need to go through the
 3 document page by page. I'll direct you to a
 4 particular portion. You are welcome to review the
 5 whole thing, if you like.
 6 Do you recognize this document?
 7 A No, I don't.
 8 Q Have you ever seen this document?
 9 A I don't recall seeing this document.
 10 Q I would like you to direct your
 11 attention, if you could, to page five of this
 12 document, ML000442. I direct you specifically to
 13 the second full paragraph on the page, and that
 14 paragraph begins with the statement:
 15 "Significantly, MetLife's goal of
 16 limiting the sale of new policies that are
 17 financed by inforced policies of 15 percent is not
 18 a regulatory mandate, but merely a self-imposed
 19 internal guideline."
 20 Do you see that statement?
 21 A Yes, I do.
 22 Q Is that consistent with your
 23 understanding that this 15 percent was a
 24 self-imposed internal guideline?
 25 A Yes.

1 DIRECT - TAYLOR
 2 Q That its purpose was as an internal,
 3 self-imposed internal guideline.
 4 MS. TAYLOR: Objection as to form.
 5 A Fifteen-percent ratio that we
 6 discussed today, it's my recollection we were
 7 relating that to how managers were compensated.
 8 So it was not a guideline. The number that was
 9 used in determining whether a FIP ratio had an
 10 impact on management's compensation.
 11 Q Let me show you...
 12 (Document titled "Metropolitan
 13 Life Insurance Company's Response to
 14 Pennsylvania Insurance Department Market
 15 Conduct Report" is received and marked
 16 Taylor Exhibit 24 for identification.)
 17 Q I show you what's been marked by the
 18 court reporter as Taylor Deposition Exhibit 24.
 19 MR. LABOVITZ: For the record, this
 20 is Metropolitan Life Insurance Company's
 21 Response to Pennsylvania Insurance
 22 Department Market Conduct Report. The copy
 23 that I have in front of me at least bears
 24 the Bates range ML000436 through and
 25 including 458.

1 DIRECT - TAYLOR
 2 Q Would it be fair also, would it be
 3 fair to say also that this 15-percent FIP rate, or
 4 ratio, was a benchmark or an indicator? Would
 5 that be an accurate characterization?
 6 MS. TAYLOR: Objection as to form.
 7 MR. BARTHOLOMAE: Join.
 8 Q You may answer, if you understand the
 9 question.
 10 A I really don't understand the
 11 question.
 12 Q Let me direct your attention to -- I
 13 only have one copy of this with me. This is the
 14 transcript of the deposition of Corporate Designee
 15 James Gould. I don't see a need to mark it. I'll
 16 show this to you in a moment, a transcript taken
 17 of his deposition on August 20, 2002.
 18 First of all, do you know James
 19 Gould?
 20 A Yes.
 21 Q Who is he?
 22 A He worked in the MetLife's Auditing
 23 Department.
 24 Q Let me show you -- if you don't mind,
 25 since I have only one copy, I look on with you.

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1 DIRECT - TAYLOR
 2 Reading on page 178 of the deposition
 3 transcript, lines -- starting on line 12 --
 4 rather, line 10:
 5 "The 15 percent, keeping in mind the
 6 FIP is not an audit tool, it's not something that
 7 was developed by auditing, FIP was developed not
 8 required. It was developed by management to
 9 monitor the activities of sales offices and
 10 regions. The 15 percent is simply a number they
 11 came up with. It could have been 20, could have
 12 been 25, could have been five. They felt 15
 13 percent was a reasonable number and simply used as
 14 a benchmark, above and below. Really, nothing
 15 more than that.

16 "Above 15, you're in trouble. It's a
 17 benchmark. It seems like a percentage that would
 18 be appropriate."

19 That ends at Line 24, also on page
 20 178.

21 Is it your belief or opinion that
 22 this 15 percent was merely a benchmark?

23 MS. TAYLOR: Objection to form.

24 MR. BARTHOLOMAE: Objection. Asked
 25 and answered.

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1 DIRECT - TAYLOR
 2 There were a guideline, that's what's
 3 troubling me here, internal guideline.
 4 MS. TAYLOR: He's not referring to
 5 that document anymore. He's referring to
 6 Gould's testimony.
 7 Q I'm referring to Mr. Gould's
 8 testimony.
 9 A He said it could have been any
 10 number?
 11 MS. TAYLOR: I think she has answered
 12 the question, and said it was a real number
 13 and that the 15 affected compensation. So
 14 I think she has answered the question.
 15 Q Do you agree with Mr. Gould's
 16 testimony that, as he said, the 15 percent is a
 17 number they came up, could have been 20, could
 18 have been 25, could have been five?
 19 MS. TAYLOR: Objection as to form.
 20 Asked and answered. She already answered
 21 the question.
 22 I'm instructing her not to answer.
 23 She answered it.
 24 Q Were you involved in any discussions
 25 at Metropolitan Life as to use of a ratio other

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1 DIRECT - TAYLOR
 2 A I'm going to attempt to answer the
 3 question with respect to the 15-percent number
 4 that's being used here.
 5 The 15-percent number, if you're
 6 referring to that as to rather how it impacted
 7 management's compensation, that was a real number.
 8 It was 15 percent. We talked about it having a
 9 sliding scale or being 15 percent or above 15
 10 percent or below 15 percent.

11 The way I'm reading this statement,
 12 it's just talking about, 15 percent was just a
 13 number. Used in what context? I mean, when
 14 management was reviewing the reports at the local
 15 offices, he may have used some other number, I
 16 don't know, when he's dealing with the sales
 17 representatives. Could have been, I don't know,
 18 20.

19 Q So 20 percent could have been used?

20 MS. TAYLOR: Objection as to form.

21 Calls for speculation.

22 A I'm not sure what you mean by the
 23 15-percent number. When we're talking
 24 compensation, it was not -- it was self-imposed.

25 It wasn't a regulatory requirement.

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1 DIRECT - TAYLOR
 2 than 15 percent to determine compensation?
 3 MS. TAYLOR: Objection as to form.
 4 MR. BARTHOLOMAE: Objection as to
 5 form.
 6 Ms. Taylor specifically?
 7 MS. TAYLOR: You're assuming facts,
 8 first of all.
 9 MR. LABOVITZ: You are entitled to
 10 make objections. That's fine.
 11 Q Do you need to take a break, Ms.
 12 Taylor?
 13 A No, I don't think so.
 14 Not that I can recall.
 15 Q What I'm getting at here, isn't it
 16 the case, this 15-percent FIP rate, ratio, was not
 17 a formal Metropolitan Life policy?
 18 MS. TAYLOR: Objection as to form.
 19 It was asked and answered.
 20 She explained, I think two or three
 21 times what it was in her -- as to her
 22 understanding of the 15 percent. She
 23 did -- it did impact, it did have effect on
 24 compensation. She said that three times.
 25 MR. LABOVITZ: From my perspective,

1 DIRECT - TAYLOR
 2 cross-examining her and asking her
 3 questions, I'm entitled --

4 MS. TAYLOR: To ask the same
 5 questions over and over again...

6 MR. LABOVITZ: I think the record
 7 will speak for itself, Ms. Taylor, and I
 8 reject that mischaracterization. I do not
 9 believe she's answered that question
 10 previously.

11 MR. BARTHOLOMAE: She answered it
 12 and said the exact opposite.

13 MR. LABOVITZ: I think I am entitled
 14 to go down this line of questioning.

15 Q Isn't it true, this 15-percent rate
 16 is not -- was not a formal Metropolitan Life
 17 policy?

18 MS. TAYLOR: Objection as to form.

19 MR. BARTHOLOMAE: Join.

20 Q You may answer.

21 A The 15-percent number, 15-percent
 22 number that was used at Metropolitan Life, as I
 23 know it, related to how the FIP ratio impacted
 24 management's compensation. The 15-percent number
 25 was used in determining the compensation,

1 DIRECT - TAYLOR
 2 to the 15-percent rate?
 3 A No, I don't know that.
 4 MS. TAYLOR: Objection as to form.
 5 Q You may answer.
 6 A I would not know that.
 7 Q Did this 15-percent rate appear in
 8 any Metropolitan Life manual?
 9 A I don't remember if it appeared in
 10 any manual. I believe it appeared in the types of
 11 field releases for the compensation unit.

12 MS. TAYLOR: If you show her a couple
 13 of manuals, she'll be able to tell you
 14 that. I know somewhere in the documents
 15 that were sent there were a lot of manuals.
 16 If you show her some...

17 Q Sitting here right now, are you aware
 18 if that 15-percent rate does appear in any manual?
 19 You may have answered, you are not sure. Is that
 20 right?

21 A I'm not sure.

22 Q Let me show you -- again, I just have
 23 one copy. This is testimony of Robert Crimmins
 24 "In the Matter of the Arbitration between Charles
 25 Garitzky and Metropolitan Life," December 20,

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 1 DIRECT - TAYLOR
 2 determining whether management -- how management
 3 would be compensated.

4 Q Was this 15-percent figure for
 5 compensation, was it adopted by the Metropolitan
 6 Life Board of Directors, to your knowledge?

7 A Not that I'm aware of, no.

8 Q Was it adopted by any Met policy
 9 committee, to the best of your knowledge?

10 MS. TAYLOR: Objection as to form.

11 A Policy committee. I'm not sure what
 12 that is. I don't know.

13 Q Were minutes prepared reflecting the
 14 adoption of 15-percent ratio?

15 A Minutes prepared?

16 Q Any Board minutes you are aware of,
 17 Met is aware of.

18 A I'm not.

19 MS. TAYLOR: That -- she is not aware
 20 of minutes. She was not on the Board of
 21 Directors. I frankly don't believe she
 22 received Board minutes. I don't think she
 23 would know that.

24 Q Do you know whether a formal policy
 25 directive was ever adopted by Met CEO with respect

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 1 DIRECT - TAYLOR
 2 1996. I'll show it to you, and look over your
 3 shoulder for a moment simply because I have one
 4 copy.

5 Page 561 starting on line four, "The
 6 FIP had no idea that it was just a guideline. It
 7 was a tool. In fact, it is still a tool the
 8 people can monitor their business with."

9 Do you agree with that statement of
 10 Mr. Crimmins I just read?

11 MS. TAYLOR: Objection as to form.

12 You're reading virtually a similar
 13 statement of Gould's. She just told you
 14 what she believes the 15 percent was. I
 15 don't know how many different ways you want
 16 her to tell you that. Standing on her
 17 head? She already said it, Bill, and I
 18 think you are just asking the same question
 19 over and over again.

20 MR. LABOVITZ: I disagree.

21 Q If you understand the question,
 22 please answer the question, unless you are
 23 instructed not to.

24 MS. TAYLOR: I'm instructing her not
 25 to

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1 DIRECT - TAYLOR		1 DIRECT - TAYLOR	
2 answer.		2 A No, I don't recall any other	
3 Q Is it the case that Metropolitan Life		3 experiment.	
4 sales forces in regional areas, including		4 Q When you prepared your memo, the 1994	
5 Pittsburgh, had been allowed to use existing		5 memo, did you rely on particular background,	
6 policy dividends without restriction in terms of		6 particular documents? When you prepared this	
7 the creation of new business from 1989 to 1990?		7 memorandum, Taylor Exhibit 1, did you rely on	
8 MS. TAYLOR: Objection as to form.		8 particular documents that formed the basis of this	
9 A I believe you are referring to the		9 memoranda?	
10 experiment that we spoke about earlier today.		10 A Parts of it.	
11 Matches involving dividend withdrawals where at		11 Q Can you identify documents upon which	
12 least 50 percent of the first-year annualized		12 you relied?	
13 premium. I'm reading from my notes I had before.		13 A No.	
14 MS. TAYLOR: I want clarification.		14 Q Earlier Mr. Bartholomaei asked you	
15 Are you asking her whether, in the		15 about Exhibit 19. I'm not going to belabor the	
16 Pittsburgh region, during 1989 to '90 that		16 point.	
17 the use of dividends to pay premiums on		17 A question in terms of clarification	
18 another policy constituted a fit match? Is		18 which I have: Exhibit 19 refers to, files were	
19 that your question?		19 discarded as a result of the clean-up prior to the	
20 MR. LABOVITZ: Whether those were		20 relocation to Bridgewater and clean-up prior to	
21 lifted. My exact language was, allowing to		21 the Baldridge site visit.	
22 use the dividends without restriction, in		22 Were there documents relating to this	
23 other words, whether controls were lifted		23 Pittsburgh FIP experiment, as it's been referred	
24 during that period, '89 to '90.		24 to, that were discarded as a consequence of these	
25 MS. TAYLOR: This deposition is about		25 office moves?	
	182		184
1 DIRECT - TAYLOR		1 DIRECT - TAYLOR	
2 FIP matches and FIP system. We need to tie		2 A I'm not sure if he is talking about	
3 your question to the FIP system.		3 Frank's files, my files. I don't recall	
4 MR. LABOVITZ: I believe and, I		4 discarding any documents dealing with the FIP's	
5 apologize if I'm not sufficiently clear,		5 experiments.	
6 but I believe that I am, not having the FIP		6 Q Do you know whether your documents or	
7 controls in place during that time, '89 and		7 others, at least in the possession of other Met	
8 '90. That's what my question is getting		8 employees, whether documents related to, again,	
9 at.		9 the Pittsburgh FIP experiment were discarded as a	
10 MS. TAYLOR: I don't know what you		10 consequence of any of these moves?	
11 mean by not having FIP controls in place.		11 A Metropolitan Life employees is big.	
12 Q Did you understand my question?		12 I would have no idea.	
13 A I think I understood your question.		13 Q Looking at Exhibit 14, Taylor Exhibit	
14 The FIP controls were in place.		14 14, this is a document prepared by, at least on	
15 Q You were referring -- you started to		15 the cover sheet, Arthur O'Leary, Personal	
16 go back, I believe -- refer to Taylor Deposition		16 Insurance Marketing.	
17 Exhibit 1, is that correct, is that the document-		17 I'm directing to you to the	
18 you prepared?		18 background section on the first page of the	
19 A Right.		19 document, MP 9365004402, specifically the sixth	
20 Q Were you aware of any other		20 paragraph. It states:	
21 experiments that were implemented in the		21 "The 1981 match ratio was 15.9	
22 Pittsburgh region other than the one you testified		22 percent, which was considered to be excessively	
23 to today?		23 high. A ratio of 5 percent was established as the	
24 MS. TAYLOR: Relating to FIP system?		24 objective for 1982."	
25 MR. LABOVITZ: Yes.		25 Was the 1981 Metropolitan Life match,	

<p>1 DIRECT - TAYLOR 2 or ratio - 3 MS. TAYLOR: Objection as to form. 4 A I don't know. 5 Q - match or ratio for 1982 five 6 percent? 7 MS. TAYLOR: Objection to form. 8 A I don't know. 9 Q I'm wondering, as a corporate 10 designee, whether you have knowledge, on FIP, 11 whether there is an objective of five percent 12 ratio in 1982? 13 MS. TAYLOR: Objection as to 14 form. Asked and answered. 15 A As a corporate designee, the most I 16 would be backwards, memos like this. I don't know 17 that's the case or not. I can't answer that yes. 18 Q Do you have any reason to doubt the 19 accuracy of this document? 20 MS. TAYLOR: Objection as to form. 21 Calls for speculation. 22 She previously testified she had 23 never seen the document before, except - I 24 don't know if she even saw it in 25 preparation. She has never seen it before</p>	<p>185</p> <p>1 DIRECT - TAYLOR 2 A You have two matches and two new 3 issues, you have a hundred percent. 4 MR. LABOVITZ: Those are all the 5 questions I have at this time. I thank you 6 for your time. 7 MS. TAYLOR: Does anyone in 8 Pittsburgh on the telephone have anything? 9 MS. BELLO: We have no questions.</p> <p>10</p> <p>11 REDIRECT EXAMINATION BY MR. BARTHOLOMAE: 12 Q Ms. Taylor, we talked earlier about, 13 when you told me what you would do as far as when 14 a match was reported, you would go into the 15 computer system and check, a couple different 16 systems you would check to determine if, in fact, 17 the match was correct.</p> <p>18 MS. TAYLOR: Objection. 19 I think she said that in terms of a 20 request for an adjustment. 21 Q Request for an adjustment. That's 22 right. I apologize. 23 Are you familiar with life insurance 24 applications? 25 A Familiar with? I know what it looks</p>	<p>187</p>
<p>1 DIRECT - TAYLOR 2 Q Isn't it true, there is not 3 necessarily a relationship between a high FIP 4 ratio and improper replacement activity? 5 A That's true. 6 Q So there is not automatically a 7 problem if there is a FIP ratio in excess of that 8 15 percent benchmark; is that right? 9 A Again, you are referring to it as a 10 benchmark. It's not necessarily a problem when 11 the FIP ratio is higher, no. 12 Q So I can understand better this FIP 13 ratio, wouldn't you agree that a FIP ratio of 50 14 percent doesn't necessarily mean an agent was 15 involved in replacement activity 50 percent of the 16 time; is that right? 17 MS. TAYLOR: Objection as to form. 18 A A FIP ratio of 50 percent doesn't 19 mean the rep was involved in any replacement. 20 Q Because I think you testified 21 earlier, you could have, let's say, two or three 22 policies and that could impact - I think you 23 testified earlier this morning, you could have a 24 100-percent ratio with a sale, by virtue of a sale 25 of two or three policies?</p>	<p>186</p> <p>1 DIRECT - TAYLOR 2 like. 3 Q For, let's say, a whole life policy. 4 A You're talking about today? 5 Q Yes. 6 A I haven't looked at a life insurance 7 application in probably 10, 15 years. 8 Q What about the time when you worked 9 in the department, when you worked with the FIP 10 reporting system, were you generally familiar with 11 life insurance applications, part of your job? 12 A There were rare occasions where we 13 had to be concerned about what was written on the 14 life insurance application. We didn't routinely 15 look at life insurance applications. 16 Q You said earlier, for example, a 17 dividend withdrawal over \$100 would trigger a FIP 18 match on a reporting system. 19 How was it determined a dividend 20 withdrawal had taken place, a dividend withdrawal 21 was over \$100? 22 MS. TAYLOR: Objection as to form. 23 A The company had a system that 24 recorded when it processed a withdrawal policy. 25 The FIP system used the information from that</p>	<p>188</p>

<p>1 DIRECT - TAYLOR 2 system to determine the amount and type of 3 transaction. 4 Q Was that the consolidated warrants 5 system? 6 A Yes. 7 Q Did you use the consolidated warrants 8 system in any way in your job when you worked with 9 the FIP reporting system? 10 A I used the information that that 11 system, reports that that system produced. 12 Q Was a FIP match triggered where cash 13 surrender of a Metropolitan Life policy was 14 performed to fund the new Metropolitan Life 15 policy? 16 A Well, it would match, a cash 17 surrender would match regardless of if the money 18 was used to fund it or not used to fund it. Find 19 a new issue, a withdrawal and match it. 20 Q What about if the policy surrendered 21 was a policy from a different company, Prudential, 22 would that trigger another – would that trigger a 23 match? 24 A The FIP system did not involve 25 withdrawals or new issues from other companies.</p>	<p>189</p> <p>1 DIRECT - TAYLOR 2 applied for. 3 MS. TAYLOR: Objection as to form. 4 You are misstating it, I think. 5 MR. LABOVITZ: Join. 6 A What do you want to know? 7 Q Are you aware of such a question on a 8 life insurance application, where it's indicated 9 whether the policy being purchased is using funds 10 from existing policy? 11 A I remember there was a question like 12 that on the application. 13 Q Was that question used to determine 14 whether a FIP match was triggered in connection 15 with the FIP reporting system? 16 A No, it was not. Not that I can 17 recall. 18 MR. BARTHOLOMAE: Those are all the 19 questions I have. 20 MS. TAYLOR: We're going to reconvene 21 tomorrow to do the AP stuff. 22 23 (TIME NOTED: 4:20 P.M.) 24 25</p>
<p>1 DIRECT - TAYLOR 2 Q Was it ever discussed at Metropolitan 3 Life that the FIP system should be changed to 4 involve withdrawals or cash surrenders of policies 5 from other companies? 6 A Not that I can recall. 7 Q Is there anywhere, a life insurance 8 application that you can identify where it's 9 indicated that a policy was being funded with 10 funds from an existing policy? 11 MS. TAYLOR: Objection as to form. 12 It 13 calls for speculation. 14 A I'm not exactly sure of your 15 question. 16 Q Are you familiar with Question 12C on 17 the life insurance application? 18 A What's that? 19 Q Guess you are not. 20 A I may be familiar with the question, 21 but not the number. 22 Q I don't have it in front of me. It's 23 a question that basically states: Is any policy 24 being cash surrendered, loan taken, dividend 25 withdrawal to fund the instant policy being</p>	<p>190</p> <p>192</p> <p>1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25</p> <p>1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25</p> <p style="text-align: center;">ACKNOWLEDGMENT</p> <p>STATE OF NEW YORK) :ss COUNTY OF) I, WILHELMENIA J. TAYLOR, hereby certify that I have read the transcript of my testimony taken under oath in my deposition of September 25, 2002; that the transcript is a true, complete and correct record of what was asked, answered and said during this deposition, and that the answers on the record as given by me are true and correct.</p> <p style="text-align: center;">WILHELMENIA J. TAYLOR</p> <p>Signed and subscribed to before me, this _____ day of 2002.</p> <p>Notary Public</p>

CERTIFICATION
STATE OF NEW YORK)
ss
COUNTY OF NEW YORK)
I, ALBERT M. CITTONE, a Certified Court
Reporter and Notary Public of the State of New
York, DO HEREBY CERTIFY that WILHELMENIA J.
TAYLOR, the witness whose deposition is
hereinbefore set forth, was duly sworn, and that
such deposition is a true record of the testimony
given by such witness.

I FURTHER CERTIFY that I am not related to any of the parties to this action by blood or marriage, and that I am in no way interested in the outcome of this matter.

IN WITNESS WHEREOF, I have hereunto set my
hand this 21st day of October 2002.

ALBERT M. CITTOONE
Notary Public of the State of New York

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